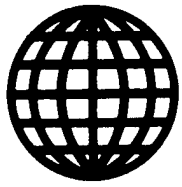


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# ***JPRS Report***

# **China**

## ***RED FLAG***

No 8, 16 April 1988

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## RED FLAG

**Government Work Report—Delivered at the First Session of the Seventh NPC on 25 March 1988**  
*40050278a Beijing HONGQI [RED FLAG] in Chinese No 8, 16 Apr 88 pp 2-24*

[Report by Li Peng, acting premier of the State Council; passages in boldface as published]

[Text] Deputies!

On behalf of the State Council, I will now deliver the Government Work Report to the session for examination and approval.

### **I. Basic Summation of Work in the Country in the Past 5 Years**

During the period of the Sixth NPC, the State Council, under the leadership of Premier Zhao Ziyang, earnestly implemented the line of the CPC and resolutions adopted at the NPC and achieved universally acknowledged resolutions in all fields. The people of various nationalities throughout the country united as one and forged ahead, filling China's socialist modernization with vitality and vigor. Radical changes have taken place in our country.

**In the past 5 years, promoted by reform and opening up, China's national economy has developed continuously, and the general situation is excellent.**

China's economic strength has continued to grow considerably; its GNP reached some 1,092 billion yuan in 1987, and its average annual economic growth rate was 11.1 percent, based on the calculation of comparable prices. China's economic growth rate was relatively high, and its economic fluctuation range was relatively small. China's total national income reached some 915.3 billion yuan in 1987, an average annual increase rate of 10.7 percent, based on the calculation of comparable prices. China's financial income totaled some 224.36 billion yuan in 1987, an average annual increase rate of 12.9 percent. Funds outside the budget reached some 193 billion yuan in 1987, an average annual increase rate of 19.2 percent. The output of China's principal products, such as grain, cotton, steel, coal, electricity, petroleum, chemical fertilizers, cement, chemical fibers, cotton yarn, and cotton cloth, and its transportation and communications volume all increased by a relatively big margin. The new fixed assets of enterprises owned by the whole people have reached some 585.4 billion yuan, thus providing a material and technological basis for China's further economic development.

The major proportionate relationships in the national economy have further become harmonious. Our macroeconomic results have improved. The all-personnel labor productivity of industrial enterprises has increased by an average annual rate of 6.5 percent. Both the rate of value

of fixed assets, the turnover rate of circulating funds, and the delivery and utilization rate of fixed assets have increased. The varieties of industrial products have increased, and the quality of major industrial products has improved. The material consumption rate in industrial production has dropped, and the energy saved in the past 5 years was equivalent to 160 million tons of standard coal. The improvement of macroeconomic results has created favorable conditions for the national economy to gradually switch to a benign circle.

The people's living standards in both the urban and rural areas have been further upgraded. The per capita net income of peasants has increased from 270 yuan in 1982 to 463 yuan in 1987, with an average annual growth rate of 8.6 percent after adjustment for price increases. The per capita annual income available for living expenses of urban residents increased from 494.5 yuan in 1982 to 916 yuan in 1987, with an average annual growth rate of 6.3 percent after adjustment for price increases. Both urban and rural markets have been brisk and flourishing. The supply of consumer goods has increased remarkably. Residential houses totaling some 850 million square meters of floor area have been built in cities and towns for workers and office staff, while houses totaling some 3.9 billion square meters of floor area have been built in the countryside. The housing situation for both urban and rural residents has thus improved. Some 37 million people in cities and towns throughout the country were provided jobs, thus basically solving the long-standing problem of employment for young people there. Poor areas have made much progress in eliminating poverty.

**In the past 5 years, we conducted the economic structural reform in an all-round way, first in the countryside and then in cities, achieving important progress and accumulating plentiful experience.**

Rural reform continued to develop in depth. While improving the contracted responsibility system on the household basis with remuneration linked to output, we have greatly developed township enterprises, various social services, and combined occupations which are managed at the same time.

The initial reform of the system of unified and assigned purchases of agricultural and sideline products has aroused the enthusiasm of the vast number of peasants for developing the commodity economy. In economically developed areas and the suburban areas of large cities, crop cultivation, fish breeding, and poultry raising have developed at a moderate scale. A pattern of intensive operation of modern agriculture has appeared.

Urban reform has been conducted closely around the central link of invigorating enterprises. On the basis of giving more decisionmaking power to enterprises, we have actively promoted various types of management responsibility systems, such as the contracted management responsibility system and the lease management responsibility system. We have tried out the shares

system, promoting enterprises to become relatively independent commodity producers and operators. Within enterprises, we have instituted the manager responsibility system and the manager's office term target responsibility system. We have also strengthened management of the system of fixed production quotas, and we have strengthened economic accounting. The labor and distribution systems have been reformed. As a result, enterprises have formed an operational mechanism conducive to the development of the commodity economy.

While enlivening the consumer goods market, we have gradually developed the market of production means, opened up finance, technology, labor services, and real estate markets, made significant explorations and experiments in reform of the price system, and vigorously developed the horizontal economic combination of enterprises, areas, and departments.

The socialist market system is gradually taking shape and the market mechanism is beginning to manifest its important role in the operation of the national economy.

Energetically carry out the macroeconomic management reform. We have conducted different degrees of reform in the structures of planning, investment, goods and materials, finance, taxation, banking, and foreign trade and have started making the transition from emphasis on direct control to emphasis on indirect control.

On the system of ownership, while vigorously developing the economic sector under ownership by the whole people, the urban and rural collective economy, and the cooperative economy, we have encouraged development of the individual and private economies, as well as Sino-foreign joint ventures, cooperative enterprises, and foreign-owned enterprises. We have gradually developed an ownership structure with diversified economic sectors and forms in which public ownership plays the leading role.

We have also done much to strengthen the economic legal system and the supervision of finance, taxation, pricing, banking, auditing, customs, and industrial and commercial administration.

**Over the past 5 years, under the impetus of the reform of the economic structure, reforms have gradually been launched in the fields of science and technology, education, culture, and politics. They have increasingly manifested their important roles.**

Through the reform of the scientific and technological structure, we have started to introduce the competition mechanism into the field of science and technology. This has aroused the initiative of the vast numbers of scientists and technicians and stimulated development of science and technology. The patent system has been established, the technical market is rising vigorously, and the association between scientific research institutes, institutions of higher learning, and enterprises has

constantly developed. Various types of scientific and technological enterprises and people-run scientific research institutes, which are responsible for their profits and losses and which integrate technology, industry, and commerce, have emerged in large numbers. The situation of the state unitarily running scientific research has begun to change. Over the past 5 years, the nation has carried out over 50,000 major scientific and technological projects, some of which are up to advanced world standards.

Through the reform of the educational structure, various types of educational undertakings have been developed and strengthened. By instituting the system of local responsibility and management at different levels in basic education, we have aroused the initiative of the localities, departments, and enterprises in running schools. With the implementation of the Compulsory Education Law, the conditions for running middle and primary schools have improved. The quality of teachers has improved and vocational education has developed rapidly. The reform of higher education has gradually been launched, which has stimulated development of teaching and scientific research. We have sent large numbers of different kinds of personnel to study abroad and strengthened and improved the work of managing and serving students studying abroad. Adult education has initially developed into a system, and in-post training of in-service workers and staff members has been strengthened. Considerable achievements have been attained in preschool education, education of the handicapped, and anti-illiteracy work. Literature, art, the press, publishing, radio, films, television, and other cultural undertakings and public health and sports efforts have flourished and constantly scored new successes in reform.

The building of a socialist democracy and legal system has gradually been strengthened. Governments at all levels have made progress in implementing resolutions and accepting the supervision of people's congresses and have made great efforts to reflect the people's will and demands in their work. By gradually strengthening and improving democratic management, many enterprises and institutions have aroused the initiative and creativity of the workers and staff members. In the rural areas, we have separated government administration from commune management and set up township governments. Many self-governed villagers' organizations have gradually played the role of self-education and self-management by the masses. Governments at all levels and the relevant departments have made great efforts to step up the building of the legal system.

Over the past 5 years, the State Council has submitted 30 laws to the NPC Standing Committee for examination and approval. The State Council has formulated and promulgated 255 administrative laws and regulations. The legal systems in various fields are gradually being perfected. Enforcement of the law and judiciary work

have been strengthened. Through the popularization of legal knowledge, the masses of people have gradually enhanced their concept of the legal system and their civic consciousness.

Major successes have been achieved in Army reform. We have achieved a strategic shift in the guiding ideology for defense building. The PLA has quickened the pace of revolutionization, modernization, and regularization. The task of reducing the size of the Armed Forces by 1 million has been completed. The quality of officers and soldiers has improved and the national defense equipment has improved. The national defense science and technology and the industrial departments have conscientiously carried out the policy of integrating military and civilian production, achieving remarkable success. The PLA has made major contributions in defending and supporting the state's socialist construction.

**Over the past 5 years, we have constantly expanded the scope of opening up to the outside world, vigorously developed economic and technological exchange and cooperation with foreign countries, and made further efforts to change the previous closed and semiclosed situation.**

The coastal areas, the open areas, and the special economic zones have achieved remarkable successes in their construction. They have vigorously developed the export-oriented economy and constantly increased their ability to earn foreign exchange through exports. They have played an important role as a window in absorbing foreign capital, introducing advanced technology and scientific management experience, understanding the international market and the passing on of economic information, and training competent personnel.

Foreign trade has developed by a big margin. In 1987, the total import and export volume of the whole country reached \$82.7 billion. The average annual increase was 14.7 percent. The foreign trade market has continued to expand, and trade with both developed and developing countries has increased. Much progress has also been made in readjusting the export product mix, and the percentage of manufactured goods that are exported has continued to increase.

Important achievements have been made in the importation of technology. In the past 5 years, more than 10,000 items of advanced technology and equipment for transforming existing enterprises were imported, and nearly \$10 billion worth of foreign exchange was used. As a result, the backward situation in many enterprises has been changed, and the technological skills of enterprises have improved. At the same time, China has begun placing its own technology on the foreign market, thus changing the situation of only importing without exporting technology.

Remarkable results have been obtained in using foreign capital. In the past 5 years, China used various forms of foreign loans, totaling \$15.38 billion, and absorbed

\$8.78 billion worth of direct investments by foreign businessmen. Among the 10,000 and more Chinese-foreign joint ventures, cooperatives, and solely foreign-owned enterprises and projects, the percentage of enterprises for production and for export products and those with advanced technology has increased. A number of these enterprises are very well run, and some of these projects have a relatively important bearing on economic construction.

The work of undertaking projects abroad, cooperation in labor services with foreign countries, and international tourism have developed rapidly. In the past 5 years, the work of undertaking projects abroad and cooperating in labor services were carried out in more than 100 countries and regions, and the volume of business was nearly \$4 billion. In 1987, the total number of tourists who entered China reached 26.9 million, bringing in \$1.84 billion in foreign exchange, respectively, 340 and 220 percent over 1982. This has enhanced the international community's understanding of China and the friendship between the Chinese people and people of various countries.

**In the past 5 years, the practice of reform and construction powerfully promoted the updating of the people's ideas and concepts and strengthened the building of the socialist spiritual civilization.**

There has been an impact on the feudal ideas, the force of habit of small-scale production, and some outmoded concepts which lag far behind the development of the situation. New concepts and new ideas compatible with modern scientific and technological progress and the needs of the development of the socialist commodity economy have been spread and strengthened. The idea of concentrating efforts on developing productive forces has more and more become the starting point in considering various problems and the criterion for assessing the result of work in all aspects. The majority of cadres and people have enthusiastically taken part in the reform, and an irreversible tide has been formed.

In the course of upholding the four cardinal principles and pushing forward reform and opening up, the building of socialist spiritual civilization has been strengthened. The enthusiasm of the broad masses of people in participating in the administration of the state and management of enterprises and establishments is growing with each passing day. The people's activities of building spiritual civilization have continuously developed. Large numbers of advanced people have emerged who have actively blazed new trails for construction and reform and made valuable contributions through their hard work. Theoretical social science workers have made gratifying achievements and have put forward useful views on many important questions in construction and reform.

Here, I would like to point out in particular that in 1987, which has just ended, a good momentum was maintained in the development of China's national economy. The gross industrial output value of the whole country increased by 14.6 percent (village-run industries not included). Easily marketable products increased by a big margin. The economic results of enterprises further increased. The gross social output value of the rural areas increased by 12.7 percent. The gross grain output increased by 10.9 billion kg, reaching 402.4 billion kg. Foreign trade and exports increased by 27.8 percent. The state's foreign exchange reserves rose. Of course, the economic situation remained rather strained. However, as compared with the previous year, some long-standing factors causing instability were tending to become weaker. Last year's situation shows that if we implement the contracted management responsibility system in enterprises in an overall manner and correctly give play to the role of readjustment and control of state investment, credit, and consumption funds, and integrate the work of stabilizing the economy and deepening reform, it is possible to gradually unify speed with results and enliven the microeconomy with control of the macroeconomy. If the same road is followed, there is a very good chance of achieving long-term steady economic growth.

Deputies, during the period of the Sixth NPC, we quite successfully fulfilled the Sixth 5-Year Plan. The situation in the implementation of the Seventh 5-Year Plan in the past 2 years has also been good. In the past 5 years, achievements made in various aspects in our country are the result of the unity and hard work of the people of all nationalities under the CPC leadership. On behalf of the State Council, I should like to extend my lofty salute to workers, peasants, intellectuals, PLA fighters and commanders, the broad masses of cadres, and people from all walks of life across the country, and hearty thanks for the support for government work of the people of all nationalities!

At present, a prominent problem in our country's economy and social life is that prices have risen too high. This has affected improvement of the people's livelihood to a certain extent. The actual standard of living of some urban residents has even gone down. We should understand that the prices of agricultural products, sideline products, and primary products in our country have been on the low side for a long time. The price system is very irrational. In the course of changing the product economy to a commodity economy, we must reform the price system and appropriately raise the prices of agricultural products, sideline products, and primary industrial products. Therefore a rise in the overall level of prices to some extent is unavoidable in the course of reform and is also required in promoting development of the commodity economy. However, in the past few years, and last year in particular, the range of price rises was too big. This was inseparable from some abnormal factors. Reasons included excessive issuance of banknotes, too large a scale of capital construction, a too

rapid increase in consumption funds, and total social demand exceeding total social supply. There were also factors such as some state-run industrial and commercial enterprises taking advantage of their monopoly positions and raising prices without authorization or raising prices in a disguised manner, excessive intermediate links in commodity circulation, a lax market price management, and profiteers and speculators seizing opportunities to disturb the market. In particular, while the commodity economy was developing rapidly in the rural areas, the law of value was not used in a timely and correct way to guide agricultural production. As a result, fluctuations in the production of grain, pigs, and other agricultural and sideline products occurred, causing some foods to be in short supply and excessive price rises.

The emergence of these factors is also inseparable from the shortcomings and mistakes in our guidance work. Of course, the question of how to correctly make use of the price lever to regulate production and consumption is still a question for our further study and exploration. Recently, through repeated and conscientious discussions, the State Council has decided to adopt the following comprehensive and coordinated measures on the question of commodity prices: 1) To further carry out reform of the irrational price system in a planned way and step by step, gradually readjust the prices of agricultural and sideline products, and rationalize the price parity between industrial products and agricultural and sideline products and that between various agricultural and sideline products so that development of production can be further promoted. 2) Starting with increasing supply and restraining demand, to appropriately control growth of commodity prices so that the general level of commodity prices can be kept relatively stable, not exceeding the real capacity of various sectors to bear it. 3) In the rationing of main foodstuffs, to give proper subsidies to staff and workers in light of the real situation of price increases in various areas. 4) To make positive efforts to develop the capital goods market, setting upper limits for the prices of certain important capital goods. 5) To strengthen price control and industrial and commercial administration and perfect the system of social supervision by the masses and to keep all those units and individuals who engage in speculation and profiteering and who violate price control regulations under strict control and punish them according to law. In order to further explain to the delegates the situation of commodity prices and price reform, the State Administration of Commodity Prices will submit a special report to the congress.

Over the past 5 years, we have made great achievements in various fields, but there are still many difficulties and problems. We have also committed many mistakes in our work. The tendency of being overanxious for quick results and neglecting economic returns still exists in economic work. Our economic structure is still far from being rational, especially in the fields of energy resources, the supply of raw materials, and communications and telecommunications. Shortage in these fields is

still quite serious. There is still considerable financial deficit. The factors for instability have been reduced to a certain extent but have not yet been fundamentally eliminated. Under the condition of coexistence of both the new and old structures and in the course of reforming the old system and exploring and perfecting the new, we are faced with many new contradictions. The basic economic relations between the central and local authorities, between the state and the enterprises, between the collective and the individual, and between planning and the market have not yet been handled satisfactorily. Our work in many fields still cannot meet the demands of the development of the socialist planned commodity economy. Along with the opening of the market step by step and the daily increasing circulation of commodities and money, we have worked out many decrees and systems, but some have still not been worked out or perfected, and some have not been strictly carried out. Management and supervision have also lagged behind. Phenomena such as evading taxes, giving and taking bribes, blackmail and extortion, and imitation and forgery have appeared from time to time. Some cadres have taken advantage of their power to seek private gains or have even become corrupt and degenerate. Bureaucratism exists to a serious extent in some government organs. Serious extravagance and waste exists in some departments, localities, and enterprises and institutions. Very serious accidents have occurred on many occasions in the communications and transportation departments and in construction as a result of weak leadership, improper management, lax labor discipline, and loose enforcement of rules and regulations. All this has brought about great losses to reform and construction and to the people's security and property, which should arouse our great attention and should be solved conscientiously.

Looking back on the past 5 years of construction and reforms, we have gained quite a few good experiences through practice. The following are the most valuable and commendable experiences for future work.

**1. Firmly establish the guiding ideology that construction should rely on reform and reform should promote construction, continuing to place reform in the position of overlooking the whole situation.** Speeding up socialist modernization and concentrating our strength on developing productive forces is the central task for the socialist stage, especially the initial stage of socialism. It is impossible for us to fulfill this task without carrying out reform of the old structures that were established long ago and that do not suit development of productive forces. Therefore, construction should rely on reform, and reform should promote construction. The government has many tasks to perform. Only when reform plays a dominant role in the whole situation can the government control the complicated situation from a commanding height and promote the work in various fields. Our practice in the past 5 years also tells us that since China is an economically and culturally backward developing country in which development is uneven,

reform can only be carried out in a situation in which the economic environment is still not quite relaxed. We must continue to proceed from reality, follow objective laws, and make continuous efforts to solve the contradictions in our socioeconomic life, so as to promote the steady and harmonious development of our economic construction. As to the problems emerging in the course of reform, we must solve them through deepening the reform. Only in this way can we make construction and reform promote each other and advance in the direction of favoring development of the social productive forces and perfecting the socialist system.

**2. Both in construction and reform, we must continue to proceed from reality, emancipate our minds, and respect practice.** In our construction and reform, we can neither mechanically copy books and the experiences of other countries nor proceed from our subjective wishes, divorce ourselves from reality, and do as we please. Instead, we must base ourselves on China's national situation, continue to take practice as the criterion of truth, and try to explore our own ways. All the correct construction policies and reform plans worked out since the 3d Plenary Session of the 11th CPC Central Committee are products of emancipating the mind. In the future, further emancipation of the mind will continue to be the precursor of the smooth development of both construction and reform. Emancipating the mind means that we must dare to break with the traditional concepts and conventions that obstruct development of productive forces and with the yoke of rigid ways of thinking. We must resolutely support all things favorable to development of productive forces and resolutely excise all those that are unfavorable to this development. Only thus can social productive forces be further emancipated and our modernization drive be developed vigorously.

**3. Our construction and reforms must center on improving economic returns, with the purpose of making continuous advances in science and technology and strengthening modern management.** With the deepening of our reforms and the gradual improvement in various economic relations, although there has been a gradual improvement in our country's economic returns, the backward conditions of poor economic returns are far from being eliminated. If we do not solve this problem, it will be impossible for China to achieve the modernization of its economy. The current economic construction requires large funds. Our structural reforms and our work of improving the people's living standards also require the support of both financial and material resources. The way out for fulfilling these tasks lies in developing production and improving economic returns. Our construction and reforms must regard improving economic returns as their starting point and underlying objective. The successes and failures of one's construction and reforms must be measured by one's work of improving economic returns. On the premise of making unceasing improvements in economic returns, we must seek to achieve a structurally rational and a relatively high development speed. To improve economic returns by a

big margin and to enable extensive management to get onto the track of intensive management, we must energetically make advances in science and technology, and constantly strengthen scientific management. We must persevere in scoring achievements in this regard. Otherwise, the economic and technological gaps between China and the developed countries will be further broadened, and China will not be able to achieve its proper international standing.

**4. In promoting construction and reforms, we must correctly handle relations between objectives and steps, in order to ensure the successful development of construction and reforms.** The 13th National CPC Congress decided on the three-step strategy for economic development up to the middle of the next century, defined the objectives of economic structural reforms, and also defined the overall plans for other structural reforms, especially political structural reforms. Practice has proved and will continue to prove that the objectives of our construction and reforms are correct. However, we must not lose sight of the fact that these objectives are, after all, only rough outlines. They must be constantly replenished and perfected through practice. Concrete steps for realizing these objectives can only be found by constantly making explorations through practice. The conditions of the past 5 years show that to realize the objectives of our construction and reforms, it is sometimes necessary for us to advance by a roundabout route. On the one hand, we must uphold the objectives and orientation of our construction and reforms, enhance the morale of our people, and increase our people's confidence. On the other, we must make full ideological preparations against the possible emergence of problems on the road of advance; give full consideration to the abilities of the state, enterprises, and the masses to handle such problems; integrate the practice of acting according to one's capability with the practice of doing everything in one's power; and make progress actively, steadily, and surely. Economic relations are intricate, and ours is a very large country with conditions varying from place to place. It is impossible for us to formulate perfect plans for construction and reforms now. It is imperative to go through a process of making unceasing improvements. After deciding on our objectives, we must carefully formulate a plan, gradually define steps for implementing the plan, and do well in conducting tests at selected points. Only after gaining experiences at selected points can we popularize the plan. We must strive to advance steadily.

**5. We must properly handle the interests of all circles, and fully mobilize the enthusiasm of the vast numbers of cadres and people.** Whether or not our reforms can be further carried out successfully depends to a large extent on the views on and support for reforms as expressed by the vast numbers of cadres and people. It also depends to a large extent on fully mobilizing the enthusiasm of the vast numbers of cadres and people. Fundamentally speaking, our reforms will greatly liberate the productive forces, enable the people to gain new interests and to enjoy higher living standards, and will surely win the

support of the people. However, reforms mean a long-term, complicated regimen of practice. To bring about the birth of a new system and its perfection, and to achieve successes in reforms, we must work very hard and we may even have to pay a huge price. Those who hope to achieve successes in reforms without making any real effort are cherishing unrealistic hopes. The reforms will finally bring about great benefits for all the Chinese people. However, some concrete measures adopted for promoting reforms cannot immediately bring about benefits for all the Chinese people. It is actually possible that for a certain period of time, some of these measures will adversely affect the interests of some people. We must understand this issue, pay close attention to the emergence of all frictions and loopholes during the process of reforms, and conscientiously study ways to eliminate these frictions and loopholes. We will resolutely protect all the incomes gained by getting paid according to work, by working hard, and by operating legal undertakings. However, regarding excessively high incomes, we must properly readjust such incomes through legislation and tax measures. We must also resolutely punish according to the law those who have violated the law and discipline and illegally reaped staggering and colossal profits. At the same time, we must energetically strengthen the propaganda in the media about the reforms; help the vast numbers of people understand the contents, significance, and necessity of the measures adopted to promote the reforms; deepen their understanding of reforms; and enable the people to support and participate in the reforms on a voluntary basis. Cadres at all levels, leading cadres in particular, are entrusted with the important historical task of leading the reform. During the promotion of the reform, they must walk in the forefront of all reforms, and lead the masses in making progress. In promoting both construction and reform, we must properly handle the interests affecting the state, the collective, and the individual, the interests affecting the central and the local authorities, the interests affecting the urban and the rural areas, the interests affecting different departments, and the interests affecting the coastal and developed areas and the interior and the outlying areas. In handling such interests, it is imperative to do a better job of making overall plans and taking all factors into consideration.

## **II. Goals, Guiding Principles, and Tasks for Construction and Reform in the Next 5 Years**

The 13th CPC National Congress formulated a grand blueprint for China's socialist modernization program. The next 5 years will be the 5 crucial years for implementing the spirit of the 13th CPC National Congress, realizing the change from old systems to new ones, and taking the second strategic step in the promotion of economic development. In the next 5 years, we must speed up and deepen reform, promote the development of productive forces, realize the Seventh 5-Year Plan, and formulate and implement the Eighth 5-Year Plan. By 1992, on the basis of constantly improving economic returns, we must enable our GNP to reach about 1,550



billion yuan, with an average annual growth rate of about 7.5 percent. This growth rate is roughly the same growth rate set in the Seventh 5-Year Plan. Judging from the current conditions and trends of economic development in our country, we can see that it is entirely possible for us to realize these goals. With the realization of these goals, China's GNP will register a 170-percent increase compared with 1980, thus laying a solid foundation for quadrupling the GNP and enabling the people to achieve a relatively comfortable standard of living by the end of this century. The fundamental guarantee for realizing the goal of China's economic and social development lies in unswervingly implementing the party's line for the initial stage of socialism, insisting on having economic construction as the center, and upholding the four cardinal principles and the policy on reform and opening up.

Government work in the next 5 years must fully embody this general guiding idea, and we must firmly grasp the following guideline: Regard reform as dominating the overall situation and integrate reform and development still more closely, so that the two can match and stimulate each other still better; seriously implement the strategy of long-term stability in economic development; focus still more on the development and reform of science and technology and education; speed up the development of the export-oriented economy in the coastal regions; further promote the economic prosperity of the whole country and enhance the level of modernization; while speeding up and deepening economic structural reforms, actively and steadily carry out political structural reforms; step up the building of socialist democracy and the legal system, to consolidate and develop the political situation of stability and unity; vigorously step up the building of socialist spiritual civilization centered around economic construction, to provide the ideological guarantee and brain-power support for economic construction; and gradually form an excellent social atmosphere suited to the demands of socialism.

The departments of the State Council, all localities, and all enterprises and undertakings must establish the concept of the overall situation in accordance with these demands. At the same time, they must fully display spontaneity, initiative, and creativity in their own work. In this way, China's socialist modernization will be more imbued with vitality and vigor, and our socialist society will develop in a still more coordinated and steady way.

In light of these goals of endeavor and work guidelines, the State Council must strive to fulfill the following 10 main tasks in the next 5 years:

**1. Vigorously develop agricultural production and step up the construction of primary industry and infrastructure, so as to maintain sustained and steady national economic growth.**

The steady growth of agriculture, especially grain production, is the foundation of long-term stable growth of the entire national economy. In the course of modernizing China's economy, we should always guard against and correct any tendency of neglecting agriculture. China must strive to raise its grain output to 500 billion kg by the end of the century, increasing output by an average of 8 billion kg each year. At the same time, we must actively develop industrial crops such as cotton, oil-bearing crops, and sugar, and develop animal husbandry and aquatic production. On average there is only 1.5 mu of farmland per person in China. The task of meeting the requirements placed on agricultural and sideline produce by national construction and the people's daily life, and shifting from having enough to eat and wear to enjoying a comfortably well-off living standard, is very arduous, but we must work hard to accomplish this. Rural China is now switching from a self-sufficient and semi-self-sufficient economy to the commodity economy. The new situations and problems currently arising in rural production should be resolved in the course of developing the commodity economy, in accordance with the law of value. This is an important guiding idea that we must firmly establish in rural work. In the next 5 years, we must vigorously consolidate and develop the fruits of rural reforms, continue to promote reforms of the purchasing system for agricultural and sideline products, gradually smooth the price relationships, invigorate circulation, and improve pre-, mid-, and post-production services, so as to stimulate the initiative of the peasants fully in developing agriculture, especially grain production.

It is necessary to step up investment in agriculture, to improve the material and technological conditions for agriculture, and to boost the reserve strength for agricultural development. We must step up water conservancy construction on farmland, seriously carry out work to harness the great rivers, strive to increase the forest cover, and improve the capacity to guard against such natural disasters as floods, drought, wind, and insect pests. We must also take effective steps to resolutely put a stop to the phenomenon of indiscriminate occupation of farmland.

The dry areas in north China must actively popularize drought-resistant, high-yielding crops and develop ways for reaping stable and high yields on dry land. We must further support the poor regions in extricating themselves from poverty and getting rich, and strive for still more practical results there.

As our national strength grows, the state will gradually increase investments in agriculture, and still more local finances should be spent on agriculture. In particular, we must guide the township and village cooperative organizations and the peasant households actively in increasing accumulation and investment in agriculture, to increase the capacity of agriculture for self-development. Hence, while continuing to regard the household contract responsibility system with payment linked to output as

the basis, we should draw up policies for further stimulating the peasants' initiative and enhance the peasants' feeling of trust and stability regarding the policies, so that they will establish the development concept of long-term operations.

Through expanding and improving a number of chemical fertilizer plants, we should strive to increase our production capacity of standard fertilizer by 15 million tons in the next 5 years. This is an important measure for boosting the reserve strength of agriculture. We must also popularize scientific methods of applying fertilizer and advocate the use of more domestic manure in order to improve soil fertility. We must also increase the supplies of diesel fuel for agriculture and boost the production and supply of agricultural plastic sheeting, pesticides, and high-quality machines and tools.

Township and town enterprises have developed rapidly in recent years. They have already become a main pillar of the rural economy and an important component of the national economy. They not only provide employment opportunities for surplus rural manpower but also help to promote intensive agricultural operations and modernization. They have opened a new way for achieving industrialization with Chinese characteristics.

We must certainly not slacken agricultural production, especially in grain, just because of the readjustment of the rural production structure. Neither can we slacken readjustment of the agricultural production structure just because of the stress on grain production. In the future, readjustment of the rural production structure must develop in two aspects: First, the exploitation of resources. We must work hard on the shorelands, waters, hilly and mountainous areas, courtyards, and medium- and low-yielding farmland; step up the building of the grasslands; resolutely protect and rationally use forestry resources; promote aquaculture in the inland waters and along the coast; and develop agriculture, forestry, animal husbandry, and fisheries in an all-round way. Second, we must continue to develop the township and town enterprises and social services undertakings in light of local resources and social conditions, turning them into an important force for supporting the development of agricultural production.

In short, we must integrate the abundant manpower and natural resources in the rural areas, and integrate the development of the urban and rural economy and the development of the domestically-gearred economy with the export-oriented economy to enable China's rural economy to maintain vigorous and prosperous development for a long time.

The fundamental way out for China's agriculture lies in switching from traditional to modern agriculture. The operations on a substantial scale that have started to appear in certain economically developed areas and the outskirts of large cities in recent years, hallmarked by intensive operations, represent the inevitable trend and

orientation for development of China's rural economy. Only by promoting operations on a substantial scale can we better apply the fruits of science and technology; achieve a rational combination of laborers, land, technology, and equipment; and gain optimum economic returns. The development of operations on a substantial scale must be suited to the level of development of the productive forces and be conditioned by the situation in the switchover of surplus agricultural manpower, the degree of rural mechanization, and the development of socialized services setup. We must certainly not rush into mass action, issue compulsory orders, or spoil things through excessive enthusiasm. Primary industry and infrastructure constitute a weak link in China's economy. In strengthening the building of primary industry and infrastructure, we must carry out the necessary technological transformation, expansion, and construction on the basis of improving management, fully tapping production potentials, and paying attention to rational use of resources and economy in capital.

In building up primary industry, we must first speed up energy construction, centered on electric power. We must give full scope to the initiative of the central and local authorities and the enterprises in operating electricity and strive to install an average of 9 million kilowatts in new capacity each year. We must correspondingly carry out matching construction for power transmission and distribution. There should be a marked easing of the power shortage within 5 years.

In the coal industry, while gradually expanding mine construction, we should continue to get a good grasp on technological transformation and matching improvements in mines under unified central planning and local and township and town mines. We should strive to improve the quality of coal and ensure an annual output increase of over 30 million tons.

In the petroleum industry, we should step up both land and offshore surveys and prospecting and strive to find some new oil and gas reserves as soon as possible. The old oil fields should actively tap potentials and continue to maintain stable output. At the same time, we must step up the exploitation and construction of new fields and strive for an annual output increase of 3 million tons of crude oil.

We must speed up the development of the raw materials industry, raise our self-sufficiency, increase variety, and improve quality. We must pay attention to the economic and rational use of raw materials, tap potentials and expand capacity through technological transformation, and increase steel output by over 2.5 million tons each year. There should also be relatively great output increases of nonferrous metals, chemical raw materials, and building materials.

We must speed up the construction of communications and transport and posts and telecommunications, actively develop comprehensive transport, and organically integrate the transport facilities of railroads, roads,

waterways, aviation, and pipelines, with the appropriate division of labor and rational sharing of the burden. We should strive to improve comprehensive efficiency of transport.

In railroad construction we should focus on improving the transport of coal out of Shanxi and the traffic capacity of certain bottlenecks, actively improve old lines, and build the urgently needed new ones. We should increase transport capacity by over 40 million tons each year.

We must continue to improve the construction of coastal ports and highways, take full advantage of China's strong points in having a long coastline and many inland waterways on rivers and lakes, and bring about relatively great development in waterway transport. At the same time, we should further expand ocean transport in the service of developing foreign trade.

Civil aviation is a modern transport means. We must further expand its transport capacity and do a good job in building the airports under construction and improving the existing aviation facilities.

We must speed up the development of posts and telecommunications, ease somewhat the shortage of telephones in large and medium-sized cities, and further improve our capacity in long-distance and international telecommunications.

We must vigorously enliven the machine-building and electronics industries, and promote lateral ties and cooperation between specialized units, in order to provide more advanced technological equipment for the technological transformation of the entire national economy and the expansion of exports.

The light and textile industries should upgrade their products and increase variety to meet the consumption needs of the people. They should also strive to put more products on the international market.

Whether in industrial production, communications and transport, or capital construction, we must practice the guideline of putting safety first and focusing on prevention, and pay great attention to production safety. We must earnestly improve management, strictly enforce labor discipline, improve the quality of laborers, seriously observe rules and regulations, strengthen maintenance of equipment, adopt advanced technical means, and endeavor to prevent the occurrence of bad accidents.

To maintain the sustained development of the national economy, we must follow for a long time the guideline of stable economic development. In achieving stable economic development, we must strive to attain unity of growth rate and economic returns. We should maintain an appropriate growth rate. It is no good being too fast or too slow either. In recent years, there has been too much capital construction, while purchases by social groups

and individual consumption funds have risen too fast. The amount of currency in circulation and the growth of financial spending constitute an important factor affecting stable economic development. Hence, we must work hard at the two aspects of controlling demand and increasing supply, and strive for a rough balance between total social supply and total social demand.

The State Council will, in economic work, devote the greatest efforts to opening up new sources of finance and to increasing revenue and controlling expenditures, to ensure that the financial deficit will not exceed the sum laid down by the plans. We must strictly control the amount of currency in circulation and rationally arrange the amount of credit and loans, to ensure that currency in circulation matches economic growth. We must strictly control the size of investment and rationally readjust the investment structure, resolutely cut investments not covered by the plans, and cut ordinary and nonproductive construction, to ensure the essential key construction projects and technological transformation.

We should improve the people's living standards under the premise of developing production and improving economic returns. We must correspondingly control the growth of consumption funds. While developing agricultural production and increasing the supplies of agricultural and sideline products, we must vigorously increase the output of industrial consumer goods for daily use, especially fine-quality and brandname products and commodities in high demand in the markets. The commercial departments must do a good job of organizing market supplies and give scope to the role of state-owned commerce in holding prices down.

The movement to increase production and practice economy and increase revenue and economize expenditures that has unfolded throughout the country since last year has gained notable success. However, its development is very uneven, and there are very great potentials to be tapped. We must launch this movement in an extensive, thorough, and sustained way.

**2. It is necessary to accelerate the development and reform of scientific and technological and educational undertakings and to really put economic construction on the path of relying on scientific and technological progress and improving the quality of workers.**

Science and technology are the key to achieving the four modernizations, and education is the foundation for doing so. The development of productive forces, the improvement of economic results, and even the progress of society as a whole cannot be realized without the development of scientific and technological and educational undertakings. Therefore, promoting scientific and technological progress and stepping up the development of intellectual resources are not only the work of scientific and technological and educational circles but a major task for society as a whole.

Governments at all levels, as well as all localities, departments, and people in all trades and professions, must persistently give first priority to the development of scientific and technological and educational undertakings. They must take correct policy measures and most enthusiastically strive to effectively carry out this major task.

On a proposal by the 13th CPC National Congress, the State Council has instructed the State Science and Technology Commission and relevant departments to work out as soon as possible medium- and long-term programs for scientific and technological development and to define its strategic objectives and priorities and the measures for carrying out such programs in order to mobilize and organize all forces in the country to practically and effectively promote the technological progress of the national economy.

Promoting scientific and technological progress must start with the deepening of structural reform. We should encourage more and more scientists and technicians to directly serve economic construction and shorten the time it takes to turn scientific and technological achievements into productive forces. Continuous efforts should be made to improve the science and technology market and to speed up the process of commercializing scientific and technological achievements. It is necessary to guide and promote the association of scientific research units with production enterprises, to further relax policies toward scientists and technicians, and to support and encourage more scientists and technicians to contract technical projects or provide technical services on the frontlines of industrial and agricultural production or in urban, rural, border, remote, or poverty-stricken areas. Necessary financial, material, and human resources should be used to tackle major and difficult scientific and technological problems and conduct industrial experiments concerning major projects in developing the national economy, such as agriculture, energy, communications, transportation, postal service, telecommunications, the supply of raw and semifinished materials, machine building, and electronics industry. Advanced technology and equipment should be used to transform enterprises, especially big and medium-sized ones. Vigorous efforts should be made to raise funds from society to carry out the spark program. We should maintain a crack contingent of high-standard researchers who will continue to step up basic and applied research in order to promote the development of new and advanced technologies and to prepare conditions for developing the national economy toward a higher level.

It is necessary to conscientiously implement the patent law, to encourage and protect inventions and creations, and to extensively conduct the mass campaign for technical innovations among scientific and technological personnel and large numbers of workers and staff members.

The basic task of education in our country is to train qualified workers for socialist construction and various categories of specialized personnel. Various types of schools at various levels should strive to enable their students to develop morally, intellectually, physically, and esthetically and to properly strengthen labor education among them. Governments at all levels should concern themselves more with and pay closer attention to educational undertakings. They should properly grasp educational work in the same way as they grasp economic work. Plans for the development of education should become an important component of the overall plan for economic and social development. With economic development, the central and local governments should gradually increase their expenditures for education and encourage social forces to raise or donate funds to set up schools in order to accelerate the development of education in our country. The priorities of educational work should be vigorously strengthening elementary education, implementing the system of 9-year compulsory education according to local conditions, and improving the educational level and quality of the whole nation.

Continued efforts should be made to build up a contingent of teachers, raise the social status of primary and secondary school teachers, and improve school facilities. Governments and education departments at all levels must take effective steps to guide schools toward following the right orientation for operating schools and do their best to correct the tendency of placing undue emphasis on the proportion of their graduates who are admitted to higher level schools. It is also necessary to pay due attention to family education so that family education can be coordinated with school education to help teenagers grow healthily. To meet the demands of various quarters of society, it is essential to continue promoting vocational and technical training and adult education in both urban and rural areas, increase the contents of professional training, advocate continuation education and encourage them to become trained through self-education. Employees of enterprises should be given on-the-job training and be encouraged to study what is needed to improve their skills and do their job better. In rural areas, we should continue our efforts to wipe out illiteracy among young and middle-aged people. Coordinating rural education with efforts to disseminate scientific knowledge and advanced agricultural technology is of great significance to the development of the rural economy. Our reform of the structure of higher education is intended to gradually build an educational mechanism adapted to society's needs for professional personnel. Further efforts should be made to reform curriculum and teaching methods, and gradually the system for college enrollment and assignment of the graduates. We should introduce, in an appropriate manner, competition mechanisms into institutions of higher learning in order to improve the quality of teaching and to encourage students to display initiative in study. These principles should also be applied to all types of vocational and technical schools. China will continue to

send students abroad for further study because it is required by the four modernizations and also a concrete expression of the policy of opening to the outside world. We shall therefore continue to send students abroad for a long time to come. We should continue to improve the work of sending students abroad and looking after them.

Institutions of higher learning have on their faculties large numbers of scientists and technicians. We should encourage them to gear, on their own initiative, their professional knowledge toward economic development and to offer their services to society, provided they fulfill their teaching obligations. As higher education in China has already developed to a certain extent, for some time to come emphasis should be placed on improving the quality of universities and colleges and adjusting their level and structure, instead of expanding their scale or number. Schools at all levels should make earnest efforts to reform the teaching of courses in ideology, ethics, and political science and strengthen ideological and political work among students, while also improving the faculty's teaching and other professional work. In the past few years good results have been achieved in institutions of higher learning and some secondary schools through various activities, enabling students to take part in social practice. We should continue these activities and regularly review experiences so as to improve them. People in all walks of life should actively support them. Intellectuals working in science, technology, education, and other fronts are the key people in our drive for socialist modernization. Along with the vast numbers of workers and peasants, they work hard and devotedly for the country. Many model workers have emerged from among them and they have performed many meritorious deeds. We must make further efforts to create a social climate in which knowledge and educated people are respected. We should continue to improve the living conditions of intellectuals, particularly of teachers and scientists and technicians working in rural or remote areas. We should correctly guide and encourage personnel of institutions of higher learning, scientific research institutes, and medical establishments to enthusiastically offer various kinds of services to society, including paid services, under the premise of working hard to fulfill their own tasks and making unified planning with due consideration for all concerned, so that in the process of creating wealth for the state and society, they can gradually improve their living and working conditions. We should pay attention to discovering and bringing up technical personnel and master craftsmen from among workers, peasants, and other working people. Governments at all levels should show concern for intellectuals, listen to them, solve their practical problems, and encourage them to bring into play their talent in a still better way so that they can make further contributions to socialist modernization.

**3. With emphasis on deepening the reform of enterprises, we must carry out comprehensive supplementary reforms in order to gradually establish the dominant role of the new economic structure.**

The sustained stable development of China's economy, basically speaking, can be attributed to the smooth progress of economic restructuring. We must carry out reforms in other areas in a planned and orderly way in order to quickly transform the mechanism of economic activities and the system of management, and to promote the development of productive forces. Deepening the reform of enterprises and strengthening the vitality of enterprises, especially large and medium-sized state-owned enterprises, constitutes the nucleus of overall economic restructuring. The key to the current reform lies in instituting various forms of the contract system of managerial responsibility according to the principle of separating ownership from managerial power. Practice has proven that the enterprises' adoption of this system has become an important means of invigorating the urban economy and has created the necessary conditions for reforms in other areas. In line with the principle of carrying out supporting reforms, improving, deepening, and developing [the current reform], we must constantly push forward the transformation of management, primarily by instituting the contract system so that enterprises will be able to make their management decisions and take full responsibility for their own profits and losses.

To deepen the reform of enterprises, it is necessary to do the following things: 1) Introduce the mechanism of competition and adopt such forms as public bidding, appointment, and democratic election in selecting qualified managers or groups of managers, so as to gradually build up a large contingent of managers who are skilled at scientific management. 2) Strengthen the basic work of enterprises, comprehensively spread the system of the factory director assuming full responsibility, improve the accounting system, and introduce, in light of the situation in each factory, the full load work method and such other systems and methods that have proven effective elsewhere. We should strengthen democratic management and improve the system of congresses of workers and administrative staff. Workers and other employees should be encouraged to display their initiative and creativity as masters of their enterprises. This is indispensable for good management. 3) Promote lateral ties between enterprises and develop group enterprises on the basis of voluntary participation and mutual benefit. Enterprises should be encouraged to take on the management of other enterprises through contracting or leasing, and to join each other's shares or implement a system of shares on a trial basis, so as to rationalize their structure and the mix of products. 4) Under certain conditions, allow the property rights of factories which are standing idle or operating far below capacity to be sold so that their assets will be used more fully.

While deepening the reform of management of enterprises, we should introduce comprehensive supplementary reforms. For example, we should expand the socialist market system, enable cities to perform comprehensive economic functions, and rationalize the division of functions among planning departments,

financial departments, and banks, so as to establish a system of macroeconomic control based mainly on indirect control of enterprises.

The principal aims of the reform of the planning system are to change the functions of state planning departments by reducing mandatory planning in favor of guidance planning, to work out medium- and long-range industrial policies to establish a correct balance overall among the different sectors of the economy, and to make use of various economic means so as to introduce a new economic mechanism under which the state regulates the market and the market guides enterprises.

The reform goals of the investment system are to improve the quality of projects, economize on investment, reduce the time it takes to complete a project, improve the pattern of investment, raise economic returns, and rationally control the investment in fixed assets. The way to do all this is to establish and improve the fixed assets investment fund system and to introduce in an overall manner public bidding for the designs and construction of projects. In the future, funds for construction should be gathered from different sources and compensation should be made for their use. The state should gradually become responsible for investing only in infrastructure and basic industries affecting the economy as a whole, leaving it to the enterprises to provide most of the investment designed to earn profits. This reform should be coordinated with reform of the financial and monetary structure.

In the reform of the financial structure, we must, on the basis of implementing the management responsibility system, gradually separate taxes and profits so as to rationalize relations between the state and enterprises with regard to distribution. On the basis of unified leadership, separation of management at different levels, and division of managerial power, we should adjust revenues and expenditures of governments at different levels and introduce various kinds of revenue-sharing and contract systems with each unit being responsible for its own surplus or deficit. We should gradually improve the tax system and appropriately readjust rates and categories of taxes to create conditions for the introduction of a graduated taxation system and a system of loan repayment after taxes have first been deducted.

We should strengthen the collection and administration of taxes and use taxation as a means to regulate the economy. We must waste no time in establishing a system of management of state-owned assets.

In the reform of the monetary system, we should strengthen regulation and control by the central bank, letting it play an important role in macroeconomic control. The bank should limit the amount of currency issued so as to avoid inflation and at the same time ensure an adequate supply to maintain steady growth of the economy. In the future, the government will finance any deficit mainly by issuing bonds. We should make

specialized banks operate in the same way as enterprises, open money markets, and gather funds from society to support the construction of key projects, industrial and agricultural production, and export to earn foreign exchange. In providing loans, we should provide help to the most promising undertakings and make the pattern of production more rational.

So far as price reform is concerned, our policy should be to combine deregulation, adjustment, and control; gradually straighten out the price structure and price administration system; and promote the growth of the commodity economy. We must gradually readjust irrational prices of certain commodities essential to the national economy and the people's everyday life and continue to relax control over prices of ordinary commodities, and at the same time strengthen guidance and administration of the market.

With respect to energy and major raw materials, the state should establish fixed prices for those commodities listed under mandatory planning while for the remaining commodities it should allow localities and individual enterprises to set prices through negotiations. When necessary, we should fix the price floating range or the upper limit for negotiated prices and give necessary guidance for price negotiations. We should firmly prevent the monopoly of pricing by trade and put a stop to arbitrary price rises or rises in disguised form.

In the management of commerce, we must accelerate reform, promote the development of various kinds of wholesale markets, and explore future exchanges. While making use of the market mechanism, we must redouble our efforts to regulate and oversee market activities. We should speed up the reform of supply and marketing cooperatives in rural areas to promote the growth of a commodity economy there. We must also accelerate reform of the system of handling commodities and reduce the varieties and quantities of those commodities subject to unified allocation. We should strengthen the management of important commodities and gradually establish and develop various kinds of markets for means of production and activate the circulation of commodities.

With regard to deepening reform of the labor and wage system, we must continue to implement the labor contract system of delegating to enterprises the power to recruit staff members and workers. We should improve the organization of labor and enterprises, expand the labor and technology market, and encourage reasonable mobility of qualified personnel, by gradually instituting a system whereby the total wages of a region or department will be administered by itself and enterprises in a position to do so should begin to link the total sum of their wages to their economic performance. Enterprises should have full power to make decisions related to their internal wage scale, evaluation of work performance, reward and punishment. Through taxation, the state can regulate the increase of wages in various enterprises. In

this way, the wage system in enterprises will be different from that in party and government offices or public establishments. Meanwhile, enterprises should establish their own risk funds.

We must also accelerate reform of the housing system in urban areas, particularly in large and medium-sized cities. The commercialization of housing should be implemented step by step because it helps in reasonably adjusting expenditures of urban residents and changing consumption concepts. It will also help overcome malpractices in allocating housing. This will benefit both the state and the people. Governments at all levels should, under the unified policy guidance of the state and in accordance with the conditions of various localities, actively study and work out plans for carrying out this reform by stages and in groups. We must do a good job in the reform of the housing system, develop the real estate market and practice compensated transfer of land-use rights.

Reform of the social security system should be speeded up. Efforts should be made to establish and perfect the various forms of social insurance systems, further develop our social welfare undertakings, and continue doing a good job in giving preferential care to disabled servicemen and family members of revolutionary martyrs and servicemen and in relief work so as to gradually establish a social security system with Chinese characteristics.

It should be emphasized that, while carrying out reform of the various managerial systems, economic law legislation and enforcement work must be strengthened. The various tax administration, industrial and commercial management, auditing, and supervision systems should be perfected and economic management and supervision strengthened in order to ensure normal social order and sound development of the national economy.

**4. We must speed up implementing the strategy for economic development of the coastal areas and go a step further in opening to the outside world.**

At present, various countries in the world are daily stepping up mutual cooperation and reliance as well as competition in economic development among them. In regard to restructuring the economy and expanding investment abroad, the developed countries have provided us with a good opportunity to gain a better position on the international market.

We must continue to open China still wider to the outside world, speed up the development of an export-oriented economy in the coastal areas and actively take part in international exchanges and competition so that economic prosperity in the coastal areas will give impetus to the development of the entire national economy. We should, on the basis of continuing our efforts to consolidate and develop the existing open structure and give full play to the role of the existing special economic

zones, coastal open cities, and economic open areas, implement a still more open policy with regard to Guangdong, Fujian, and Hainan Island to build them into areas for comprehensive trial implementation of the policies of reform and opening to the outside world so that they will accumulate experience for us to further deepen reform and open the country still wider to the outside world.

In view of the peculiar historical, geographical, and natural conditions of Hainan Island, the State Council proposes the establishment of Hainan Province to turn it into the largest special economic zone in China and adopt a policy there which will be even more favorable than the policies adopted for the existing special economic zones. The development and construction of Hainan Island will be a very arduous task and should be carried out with down-to-earth efforts. It is necessary to proceed from the superiority of local resources, to persist in the principle of overall planning, while giving prominence to key projects and carrying out construction piece by piece and, by starting by improving the investment environment, gradually build up an export-oriented economic structure capable of opening still wider to the outside world.

Coastal provinces and cities which are more developed should further broaden their open areas, rely mainly on their local strong points, make full use of their advantage of adequate labor resources and relatively low cost to put both ends of the production process [meaning the supply of raw materials and the marketing of products] on the world market. They should actively increase the export of labor-intensive and labor- and technique-intensive processed products and take part in international exchanges.

Coastal industrial cities and special economic zones should be vanguards in the development of an export-oriented economy and give scope to the key role of state-owned large- and medium-sized enterprises in increasing foreign exchange earnings from exports.

It is particularly necessary to attach importance to using the superiority of the countryside in the coastal rural areas in terms of labor force and the existing village and town enterprises there to develop export-oriented enterprises and export-earning agricultural production. Coastal areas should actively develop lateral economic cooperation with the inland areas and actively transfer technologies, management expertise, and talented people to help areas in central and western China to develop their economy, so as to give greater play to the important role of the coastal areas for opening to the outside world.

In implementing the strategy for economic development in the coastal regions, we must have a sense of urgency, and must, in no case, fumble the opportunity. But we must also display the spirit of building an enterprise through arduous efforts, and continue to carry out our



basic work in a down-to-earth manner. While we implement the strategy in developing our economy in coastal areas, we must make an overall plan for economic development of the entire country in accordance with the principle of rational layout of the productive forces. The interior regions should take advantage of the development of the export-oriented economy in the coastal areas to promote the development of the local economy and should, in accordance with local conditions, score new progress in opening wider to the rest of the world. To meet the needs of the open policy and strategy for the development of an export-oriented economy, we must quicken and deepen the reform of our system for managing foreign trade. In reforming the foreign trade system, we must adhere to the policy of assuming sole responsibility for profits and losses, having a free hand in management, combining production with marketing, and promoting a system of export and import agents. We must smash the system of eating from the same large rice bowl. Beginning this year, we shall be introducing the contract system of management in foreign trade throughout the country and making localities responsible for the earnings of foreign exchange and for the quota of foreign exchange to be handed in to the central government. We should also adequately adjust the percentage of foreign exchange earnings that they are entitled to retain in order to provide them with better conditions for doing business. Except for the few commodities which are essential to the national economy and the people's everyday life and whose import and export will continue to be controlled directly by the central government, authority over most commodities will be delegated to lower levels and the departments concerned with such management will be also transferred to lower levels. The contract responsibility system must be introduced in enterprises engaged in foreign trade and in the production of export goods in order to stimulate their initiative. National corporations which engage in foreign trade or combine production with marketing must gradually become more comprehensive, multi-functional and internationally oriented. In a planned way, they must redirect their efforts toward opening up world markets and providing services for foreign trade enterprises at home. We must quickly adopt the system whereby foreign trade corporations can act as agents for enterprises that wish to import and export goods. We must also explore and expand lateral economic ties and encourage the overall development of foreign trade. Increasing export to earn more foreign currency is the foundation for opening up even further to the outside world and for developing our trade and economic ties with other countries. We must, in principle, select our best products for export, gradually adjust our product mix, develop production bases for export goods, and enlarge and improve our sales and service network for the overseas market. To promote foreign trade, we must strike an overall balance between the needs of the domestic market and those of export trading and coordinate the various mechanisms for managing export businesses. We should make full use of the regulating function of the departments of foreign trade,

pricing, financial administration, taxation, banking, customs, commodity inspection, foreign exchange and industrial and commercial administration, the supervisory function of the auditing and supervision departments and the coordinating function of the foreign trade associations to ensure the healthy development of foreign trade. We must actively explore the international market for contracting labor services, strengthen management and coordination, and take further steps to increase our contracts for projects and labor services cooperation abroad. We should make great efforts to develop tourism. Various measures will also be taken to tap our potential in the tourism industry. We must improve the quality of tourism personnel and service as well as our management of the industry. We must make further adjustments in our import mix with a view to promoting economic efficiency, scientific and technological progress and self-reliance. We must seek diversified channels for importing technology, guard against importing things blindly, strengthen our efforts in absorbing and improving import technology, develop the production of import substitutes and speed up the process of producing China-made goods to substitute imports. We must explore more ways of using foreign capital, bearing in mind our ability to repay foreign loans and our capacity to provide supporting funds and materials for projects involving foreign capital. We should borrow an appropriate amount according to a rational pattern, guide foreign investment in the right direction, and raise the overall efficiency of its use. We should try to attract direct investments by foreigners and work hard to develop joint ventures, cooperative enterprises and wholly foreign-funded ones. We should pay attention to the cooperation of existing enterprises with foreign investors so as to accelerate technological transformation of these enterprises. We must further improve the climate for investment, accelerate the building of infrastructure, raise administrative efficiency and protect the decisionmaking and managerial rights of foreign-funded enterprises so that foreign investors can invest in and manage enterprises in China in the same way as they have done elsewhere.

**5. Conscientiously do a good job in reforming government organs, strive to overcome bureaucracy, improve working efficiency and strictly enforce government discipline and law.**

To reform government organs is an important component part of the reform of the political structure and is one of the core tasks of the next government. The plan for reforming the organs under the State Council has been submitted to the current NPC session. State Councillor Song Ping will specifically explain this plan and ask fellow deputies to deliberate it. Now, I will mainly discuss the objective, emphasis and guiding ideology for the reform of government organs.

The long range objective of the reform of government organs is to establish step by step an administrative system with Chinese characteristics, that perform adequate functions, has a rational structure, and operates



flexibly with high efficiency in a coordinated way, in accordance with the principle of separation of party and government, separation of government functions from those of enterprises, simplified administration, unity and efficiency. To achieve this objective requires a long period of effort. In the next 5 years, we should create the necessary conditions and gradually harmonize the relations between the governments and the enterprises, institutions and mass organizations, the relations among various government departments, and the relations between the central government and local governments. The plan for reforming the organs under the State Council emphatically considered the following points:

A) The reform of the organs is mainly aimed at changing functions. After several years of reforming the economic structure, the inadaptability of existing government organs to the reform has been exposed quite clearly. The government has gained some new experience in how to manage the economy. This has made it possible for us to change functions, clearly divide responsibilities and readjust the organs in accordance with the demand of deepening the reform and the principle of strengthening macro-control and reducing direct control. We should deactivate what should be deactivated, strengthen what should be strengthened and add what should be added. We should not undertake a simple deactivation or merger of organs and reduction of personnel; so that the organs, after the reform, will comparatively meet the reform needs of the economic structure and the development of a socialist commodity economy.

B) The emphasis of the reform of organs is put on the economic management departments which have a very close relationship with the reform of the economic structure, particularly the specialized management departments and the specialized agencies within the departments for overall economic balancing. We should do a good job in deciding the functions, organs and personnel for newly established departments according to their economic functions and personnel. In order to ensure continuity of work, we should take proper interim measures for the departments that are to be deactivated. We should also change the functions of the departments that are to be retained, delegate power to lower levels, readjust their organs and reduce their personnel in accordance with the guidelines of the organizational reform.

C) The reform of organs should be adapted to the overall progress of the reform of the economic structure and the reform of the political structure. The plan for reforming the organs has assessed the overall needs of the reform and its feasibility. It has taken a step of decisive significance and considered the endurance of the society. While making a breakthrough in the traditional pattern, it also has a certain transitive nature.

The organizational reform is very complicated work which we should carry out firmly and unshakably and in a prudent and safe way. The State Council will take the

following steps to implement the plan for reforming the organs: After the plan is examined, discussed and adopted by the current NPC session, we will organize and put into operation new ministries and commissions within 3 months. Other ministries and commissions are required to complete the readjustment of their internal organizations and the reduction of their personnel in 6 months. The reform of the organs of local governments should be gradually unfolded from top to bottom in a planned way under proper leadership. It is expected that the reform of the organs of provinces, autonomous regions and municipalities will begin in 1989, with the exception of cities which have obtained State Council approval to carry out a pilot reform sooner. The reform of organs of county and township governments will be carried out even later.

All departments under the State Council should support the reform of organs of local governments and should not insist that local governments set up organs corresponding to central government organs.

While reforming the government organs, we should accelerate the establishment and gradual enforcement of a national public servant system. It is necessary to map out regulations governing national public servants as soon as possible, studying and formulating a law on national public servants and setting up an administrative academy for training administrative managerial personnel. From now on, when recruiting public servants, governments at all levels should hold examinations and select people who are outstanding according to the regulations on national public servants. Reform of the government organs and the personnel system relating to cadres is a major event in China's political life. Government functionaries, particularly the leading cadres at various levels, should adapt their thinking to the reform, take into account the overall interests, and assume a positive attitude toward the reform. In the actual work, we should work out well-conceived reform plans and make painstaking effort to implement them. We should also carry out penetrating and meticulous ideological and organizational work to ensure successful reform of the government organs and personnel system relating to cadres.

A major objective of the reform of government organs is to get rid of bureaucratism, improve work efficiency, and cultivate a healthy government work style. Along with the streamlining of government organs and changing their administrative functions, governments at all levels should strive to achieve a marked improvement in their way of thinking and their work style. In carrying out the work in various fields, we should not pay lip service but rather stress actual results by stepping up supervision and inspection. All cadres, especially leading cadres, should consider the people's needs and help those in difficulty. We must combat decadent work styles of abusing power for personal gains, seeking selfish interests at expense of the public, and offering and taking

bribes. It is necessary to firmly check extravagant practices of giving sumptuous dinners, taking pleasure trips at public expense, and other kinds of waste. We should foster the fine styles of performing duty with honesty, working hard and leading a plain living, and dedicating oneself to the people. The State Council and local governments at different levels should attach great importance to and exemplify themselves in combating and fostering these practices which have direct bearing on the general social conduct as well as the success or failure of our construction and reform.

We should always bear in mind that China is a developing country whose people are still not well off and are carrying out gigantic construction projects. Funds and materials are in short supply. Any kind of waste and extravagance will constitute a grave crime. We should work hard and conscientiously in order to lead the masses of people in making protracted efforts through arduous struggles to gradually get rid of China's backwardness and accomplish our modernization. Severe punishment must be meted out for people who fail to observe regulations and prohibitions, indulge in waste and extravagance, and violate administrative and legal discipline.

Auditing, supervisory, and finance departments at all levels should step up their supervision and inspection and sincerely welcome the mass media and ordinary people to intensify open public supervision.

**6. It is necessary to improve socialist democracy and legislation, safeguard equality and solidarity among nationalities, and consolidate and develop political stability and unity.**

The building of socialist democracy is aimed, first of all, at enhancing enthusiasm at the grass-roots level and of the masses of people. It is necessary to broaden democracy and institutionalize democratic life at the grass-roots level, ensuring that the masses of workers, peasants, and intellectuals become masters of their own. In order to promote grass-roots democracy in rural areas and rural construction, governments at all levels should earnestly implement the organic law of village committees of the PRC so as to guarantee self-government for villagers and let the masses of people manage their own affairs according to the law.

The system of democratic consultation and dialogue is an effective way for governments at all levels to correctly handle contradictions among the people, exchange ideas with the masses, deepen mutual understanding, and clear up misunderstanding. It is a lively and effective way of doing ideological and political work and also a new way of realizing socialist democracy, which has injected new vitality into government work. Responsible cadres of government and relevant departments at all levels should conduct regular direct consultation and dialogue with the masses on the basis of equality, listen

to what they have to say, show concern for their hardships, and accept their rational suggestions and correct criticisms in order to improve their work and overcome unhealthy tendencies.

Governments at all levels should keep in closer touch with people's political consultative conferences, the democratic parties, and patriotic personages without party affiliation, listen to their views, and respect their proposals. We should rely on the trade unions, CYL organs, women's federations, and other mass organizations to strengthen socialist democracy. We should institutionalize consultation on public matters and discussions of state affairs so that democratic supervision on all sides will be carried out with greater regularity and effectiveness.

Ours is a unified multinational country. It is in the common interest of all nationalities to strengthen solidarity among them and safeguard the unity of our country. In their work, governments at all levels should pay full attention to guaranteeing the right to equality of minority nationalities and autonomy of autonomous regions of minority nationalities, and to respecting their customs and habits. The governments should earnestly implement the "Law on Regional National Autonomy," and policies for minority nationalities, make great efforts to train cadres and various qualified personnel for construction of minority nationality origin, and further perfect the system of regional national autonomy. They should conduct in-depth education about solidarity among nationalities and develop new socialist relations of equality, unity, and mutual assistance among nationalities.

The state and the economically developed areas should energetically aid in the economic and cultural construction of minority nationality areas for the common prosperity of all nationalities. All nationalities should unite closer together and make common efforts to protect the unity of our motherland.

The recent violence and riots in Lhasa staged by a handful of splittists was a grave incident which violated the law and undermined the unity of the motherland. The rioters must be severely punished. Tibet is an inseparable part of China's sacred territory, and any words or deeds designed to split the region from the motherland run counter to the fundamental interests of the people of all our nationalities, including the Tibetan people.

The state respects the citizens' rights to freedom of religious belief and protects normal religious activities, but such activities should be conducted within the bounds of the Constitution and the law. No one should be allowed to engage, under the cloak of religion, in activities that impair national unity and undermine public order.

We have always paid great attention to and protect the legitimate rights and interests of Chinese nationals overseas and of those who have returned to China and their families. We should listen to their opinions and suggestions and extensively unite with them so that they can make greater contributions to the development of China's economic, technological, cultural exchanges and cooperation with foreign countries, to the enhancement of friendship between the Chinese and other people, and to China's rejuvenation.

Socialist democracy needs to be guaranteed by the socialist legal system. The system of socialist laws, with the Constitution as its basis, has begun to take shape in our country. The political and economic roles and government work of the state are being brought gradually into the orbit of law. The situation in which there is no law to go by has been fundamentally changed. From now on, we should further strengthen and improve our socialist legal system throughout the entire processes of reform and construction. With invigoration of the economy, deepening of reform, and further opening of our country, we should put forward various draft laws in good time, formulate administrative laws and regulations, organize people to enforce laws and administrative regulations, and strengthen the building of the contingent of judicial, prosecutorial, and public security cadres. We should do a better job in law enforcement and resolutely overcome the phenomena in which the law is not observed, not strictly enforced, and lawbreakers are not dealt with. We must unswervingly uphold the principle that everyone is equal before the law. All government personnel should study and understand the law, have a clear idea of the legal system, strengthen work discipline, resolutely act according to law, and be models in observing the law and discipline. Violations of the law and discipline and dereliction of duty by state functionaries should all be sternly dealt with according to law. Public security, social order, and judicial departments and large numbers of people's police should set an example in observing strict discipline, improve their work style, continue to raise their political and professional qualities, be honest in performing their official duties, strictly enforce the law, and work with all their hearts and might to settle disputes and solve people's problems. In accordance with the law, we must check hostile elements undermining the socialist system, deal blows to those engaged in espionage jeopardizing the security of the state, punish criminal and economic offenders, and ban all activities disrupting social order. We should continue to implement resolutions of the NPC Standing Committee and carry out the task of spreading knowledge of law among all citizens. We should regularly publicize the law and conduct education in this regard in order to enhance the citizens' understanding of the law. We should correctly mediate and handle disputes among people and other social problems. Efforts should be made to tackle social order problems in a comprehensive way so as to ensure the smooth development of reform, opening to the

outside world, economic construction, and all other work. Efforts should be made to ensure social stability and unity and the long-term stability of our country.

**7. Vigorous efforts should be made to build socialist spiritual civilization in order to promote implementation of the policies of reform and opening to the outside world, and smooth development of modernization.**

It is our consistent principle that the building of socialist spiritual civilization should continuously be advanced while building material civilization. Governments at all levels and all basic units should assume full responsibility for building material and spiritual civilization and take effective measures, including the supply of necessary financial and material resources and preparation of conditions, to vigorously promote building of spiritual civilization in their respective areas or units.

Reform and opening to the outside world urgently call for strengthening unity and appealing ideological and political education, which is also an important guarantee for our country's socialist construction. Governments at all levels, people's organizations, and all quarters in society should vigorously strengthen and improve ideological and political work at basic levels according to the requirements for training new socialist disciplined men with ideals, morality, and culture. They should persistently and extensively publicize the party's basic line for the initial stage of socialism; continue to implement the principles of emancipating the mind and seeking truth from facts; strive to create an atmosphere for public opinion that is conducive to modernization, reform, and opening to the outside world; promote the principles of relying on our own efforts and building an enterprise through arduous effort; and properly handle the relationship between the state, the collective, and the individual.

Ideological and political work should be appropriately linked to the principle of material benefit, and people's socialist enthusiasm and creativity should be further aroused. We should develop patriotism, promote the national spirit of exerting oneself to make progress, and actively explore new ways and methods to effectively perform ideological and political work in enterprises under circumstances where the policies of reform and opening to the outside world are being implemented and where the system of full responsibility for factory directors is implemented.

Education of workers and staff members to love their jobs should be strengthened, and fine professional ethics should be cultivated among them. It is necessary to strengthen the concept and abilities of the masses at the basic level in self-education, self-management, and self-service; to continue the mass campaign for building spiritual civilization; and to promote the social practice of maintaining unity and ensuring mutual aid.

Such activities as building civilized units, villages, and towns and joint efforts by Army personnel and people to build spiritual civilization should be carried out according to what is needed and is feasible. It is necessary to improve the quality of such activities and to stress actual results.

Changing habits and customs, especially changing habits and customs in the rural areas, should be conscientiously done as an important aspect of building spiritual civilization. Feudal superstitions and gambling activities disrupting social order, and harming people's physical and mental health must be banned according to law.

In the building of socialist spiritual civilization, we must adhere to the orientation of serving socialism and the people, further implement the policy of "letting a hundred flowers bloom and a hundred schools of thought contend," carry out a stable policy for cultural work, and promote development and prosperity of all kinds of cultural works.

Workers in social sciences must continue to liberate their thinking, engage in creative theoretical research work based on the practice of reform and construction, as well as enrich and perfect the theory concerning the initial stage of socialism. Writers and artists should go among the masses and plunge themselves into the thick of life and then reflect in their works the great tide of reform and construction. They should kindle the people's aspirations and their will to forge courageously ahead and produce outstanding works befitting this era.

On the basis of summing up our experiences, we should promote structural reform of cultural and art troupes and other social and cultural works. We should promote libraries, museums, scientific and technological exhibition halls, cultural palaces and other mass cultural works so as to enrich the people's spiritual lives. We should strive to carry forward our country's fine cultural tradition, continue to promote cultural exchanges with other countries and assimilate the achievements of civilization of the world. We should also gradually improve the legal system in the cultural sphere, effectively strengthen control over the cultural products market, protect healthy cultural undertakings, ban reactionary and obscene things and combat the corrosive influence of decadent feudal and capitalist ideas.

Governments at various levels should attach great importance to the development of broadcasting, movie, television, news and publication work. We should give full play to the role of mass media in publicizing policies, keeping close ties with the masses and unfolding social consultation and dialogue. We should encourage the mass media to play their part in supervision by public opinion, and support their exposure and open criticism against bureaucratism, breaches of law and discipline and other forms of corruption in the spirit of seeking truth from facts.

In reforming publication work, we should pay attention to doing a good job in examination and approval, adjusting the composition and raising the quality of books and speeding up the reform of the distribution system. Press, publication, and various cultural undertakings whose major tasks are the production and dissemination of spiritual products should actively improve the management and raise economic results of publication work. However, we must integrate economic results with social results and persist in placing social results in the first place.

In public health, we should stress preventive medicine and combining Western medical science with Chinese traditional medicine. We should strive to develop both modern medicine and our country's traditional medicine. We should strengthen the prevention of contagious and local diseases and other diseases which may seriously endanger the health of the people, improve the management of medical work, attach importance to food hygiene, persist in developing the patriotic health campaign, and strengthen the building of primary public health system and the training of medical and health personnel at the grass-roots level in order to protect the people's health.

Physical culture is a positive factor in improving the physique of our people and an important means in building spiritual civilization. Governments at various levels must pay good attention to developing physical culture and sports work under the support of the whole society so as to improve the physiques of young people and children and improve the health of the entire nation. We should establish various kinds of competitive systems, select and cultivate talented athletes, and strive to raise competition in more sports to the world level. We must actively prepare, work hard, and do a good job in sponsoring the 11th Asian Games in our country in 1990.

Governments at all levels and the entire society should attach importance to the cause of handicapped people. They should display socialist humanitarianism, show concern for, and help handicapped people so as to gradually improve their medical and health care, education, employment, and living standards.

**8. We should face reality as well as look into the future. We must conscientiously implement the two fundamental state policies—family planning and strengthening environmental protection.**

It is China's consistent policy to enforce family planning to keep population growth under control and to raise the quality of the population. To implement this policy, governments at all levels and family planning workers have done a great deal of hard work. Although they have achieved marked achievements, new difficulties and new situations have cropped up in the course of reform. China has a large population, and the country is now facing another birth crest. This, plus the deep influence

of traditional concepts, has added new difficulties to our family planning work. We must not take this problem lightly. To keep China's population below 1.2 billion by the end of this century, we must strictly carry out the current policy. We should continue to encourage late marriage, late birth, and one child per couple. We should even be strict with rural families whose difficulties need special care. It is necessary to vigorously encourage better births, better upbringing, and better education. While trying to control the population growth, we must pay equal attention to raising its quality, because this concerns our modernization drive and our nation's favor. Governments at all levels should improve the quality of their leadership in order to match the growth of the population with that of the economy. We must exert efforts to improve family planning administrative organs at all levels, strengthen scientific research on family planning, earnestly carry out propaganda and education on family planning, and provide good service in this respect, so as to ensure success in this work, especially family planning work in the countryside. Departments concerned and all mass organizations should coordinate their efforts in implementing this national policy.

Strengthening environmental protection is also a fundamental policy of our country. Some progress has been made in this work in the past few years. Viewed as a whole, environmental pollution and ecological destruction are still very grave. We are still faced with arduous tasks of environmental protection. We must proceed from the reality in China and work out a comprehensive plan for the simultaneous development of the economy, urban and rural areas, and the environment and implement it so that work in these three aspects can develop simultaneously. We must cherish and protect such natural resources as land, water, forests, oceans, grasslands, wildlife, and wild plants, and rationally exploit and effectively utilize mineral resources. In particular, we must definitely put a stop to illegal use of arable land and indiscriminate destruction of forests, and vigorously encourage beneficial activities of planting trees and grass to make urban and rural areas green. We must launch a comprehensive program for improving the urban and rural environment, emphasize keeping air and water pollution under control, improve facilities for treatment of waste materials, improve management of environmental protection, make environmental protection departments play their supervisory role to the fullest, and carry out a long-term project to gradually bring about the virtuous cycle of the ecological system.

**9. We should continue to raise the income of the urban and rural population and improve their material and cultural life on the basis of increased production.**

The purpose of socialist construction is to meet the needs of the people's material and cultural life. Governments at all levels will, as in the past, devote themselves to improving the people's living standards. We must strive

to realize the goal of raising the urban and rural residents' actual consumption level as prescribed by the Seventh 5-Year Plan. We need a large sum of funds for our construction projects, and there is the need to continue to improve the living standards of our population of more than 1 billion. This is a problem whose solution is no easy matter.

China's economy is comparatively backward. To make our country strong and the people prosperous, we must undergo a long period of hard struggle. Improvement of the people's living standard can only be realized step by step. We must adhere to the principle: "First, the people must have sufficient food; second, socialist construction must be carried out." We must also integrate immediate interests with long-term interests, and we must oppose both the tendency of emphasizing production to the neglect of the people's consumption and the tendency of pursuing overly high consumption to the detriment of the state's economic development. We must do this to ensure that production and construction and the people's living standards promote each other and advance in unison.

At present, people's consumption in China is shifting from meeting people's basic needs to enhancing the quality of their lives. It is necessary to pay attention to handling well the relations between economic construction and people's lives. First, the ratio between accumulation and consumption should be carefully arranged by working out an effective way to keep the increase of consumption under control and make the raising of consumption level compatible with the development of productive forces and the increase in labor productivity. Second, a correct consumption policy should be formulated to actively guide and regulate consumption so as to develop a production and consumption structure with Chinese characteristics. China has a large population with relatively insufficient resources. This makes it imperative for us to persist for a long time in the fine tradition of practicing thrift, hard work, and economy. The consumption structure should be a thrifty and resources-saving type. Because of the limits in per capita grain share, it will be a considerably long period of time before we can expect any significant increase in the supply of meat, fowl, eggs, and other such foods. Our food structure must be compatible with the actual situation in China. We should also pay attention to and study this regarding it as an important long-term policy. Third, to improve the distribution of national income, it is necessary to do away with egalitarianism and persist in implementing a policy aimed at enabling those people who rely on their honest labor and legitimate trade to become rich first while working unswervingly to attain the goal of common prosperity. Based on the current level of production development in China and the predicted trend of development in the future, as long as we maintain a steady growth of the national economy, keep increasing our economic results, and see that our production structure and consumption structure are more

and more reasonable, it can be said with certainty that we will witness a gradual improvement in the people's living standard.

**10. As economic construction develops, we must further strengthen national defense.**

In the next 5 years, national defense will be further strengthened to increase its strength on the basis of steady development of the national economy. Building national defense should be carried out by taking into consideration the interest of the whole situation in the country's economic construction and by including it in the state's overall planning for economic construction and social development.

The PLA should step up military training, political work, logistics work, and military science research, constantly improve the quality of the PLA units and strengthen their capabilities in defensive combat. In carrying out reform of the military, it is necessary to formulate, on the basis of the major achievements already made, the overall plan for speeding up and deepening the reform and continue to promote the reform in a systematic, active but careful manner. Various regulations and rules of the military should be established and perfected and conscientiously implemented. Serious efforts should be made also in giving special care to the servicemen and job placement and settlement of cadres transferred to civilian work.

National defense, science and technology and industrial departments should continue to implement the principle of combining military with civilian production and of manufacturing products for both peacetime and wartime use and, while fulfilling the task of manufacturing for military use and constantly improving the technical equipment of the military, strive to develop civilian products so as to serve economic construction of the state and the modernization of national defense.

Education in national defense should be conducted on an extensive scale among the people to strengthen their concept of national defense and promote the fine practice of ardently loving and respecting the military, being concerned about and supporting the reform and construction efforts of the Army. Efforts should be made to further promote close relations between the Army and the government and strengthen Army-people unity and to continue to strengthen the building of the militia and reserve service.

All PLA commanders and fighters should display a high sense of responsibility and initiative to speed up the Army's drive for revolutionization, modernization, and regularization and constantly make new contributions in defending and building the motherland.

**III. On Work In Foreign Affairs**

In the past 5 years, we have resolutely implemented an independent foreign policy for peace and, in line with the development and changes in world situation and the needs of our modernization program, continued to properly readjust certain concrete policy measures, thereby scoring important achievements and opening up a new situation in foreign affairs.

Over the past years, China's chief leaders visited 46 foreign countries in the five continents, while we received heads of state and government leaders from 89 countries. Exchanges of visits by leaders have enhanced mutual understanding, strengthened China's friendly and cooperative relations with other countries, and promoted friendship between the Chinese people and people of other countries. China has continuously increased its cooperation and exchanges with other countries in the economic, scientific and technological, cultural, educational, public health, and sports fields. Since 1983, China has successively established diplomatic relations with 10 countries, namely Antigua and Barbuda, Angola, Ivory Coast, Lesotho, United Arab Emirates, Bolivia, Grenada, Nicaragua, Belize, and Uruguay. So far, 135 countries have established diplomatic relations, and 178 countries and regions have maintained economic and trade ties with China. These advances made in China's relations with foreign countries have created a better international environment for the reform and opening up policy and modernization program.

Gratifying trends as well as alarming factors have emerged in the current international situation. Overall, the situation has developed along a direction favorable to the people in the world. Recently certain improvements have been made in East-West relations, and the international situation has relaxed to a certain extent. After years of negotiations, the United States and the Soviet Union finally signed a treaty on destroying their intermediate nuclear forces last December. This is the first step toward the reduction of nuclear arms. Like other countries, China has given proper appraisal to the treaty, hoping that it will be earnestly implemented. However, it should be pointed out, nuclear weapons of the United States and the Soviet Union to be destroyed according to the treaty compose only a tiny portion of their nuclear arsenals, and are quite insufficient to free mankind from the threat of nuclear war. The people of the world are fully justified to demand the United States and the Soviet Union to exert still greater efforts on the question of disarmament.

China is never in the arms race, and has always called for total disarmament. People all over the world have seen China voluntarily take a decisive measure to reduce its troops by 1 million when the international situation permitted us to do so. China, as a developing country, possesses a small amount of nuclear weapons entirely for self-defense purposes. The Chinese Government has time and again declared to the world that under no

circumstances will China be the first country to use nuclear weapons, and it declared in the spring of 1986 that it will not carry out further atmospheric nuclear tests. The Chinese Government has repeatedly stated and still believes that the United States and the Soviet Union, which possess more than 97 percent of the world's nuclear weapons, should take the lead in halting experimentation, manufacture, and deployment of nuclear weapons and drastically reduce their nuclear weapons. They will thereby create the prerequisite for the convocation of an international nuclear disarmament conference with broad representation from all nuclear powers. Currently the United States and the Soviet Union are still improving their nuclear weapons and escalating the arms race to outer space and other areas of high technology. Even if the United States and the Soviet Union cut their strategic nuclear arms by 50 percent, their nuclear weapons will still constitute more than 90 percent of the nuclear arms in the world. Disarmament remains an arduous task. China will, as always, work together with all peace-loving countries in striving for an end to the arms race, a total ban and destruction of nuclear, chemical, and other weapons of mass destruction, and a drastic reduction of conventional arms.

The military invasion of weak and small nations by some foreign countries and the long drawn out regional conflicts are causing sufferings to the people and threatening world peace. Recently, the parties concerned have been conducting frequent activities in connection with the political settlement of regional conflicts. In order to bring about a fair and reasonable settlement of regional conflicts, the generally recognized norms of international relations must be respected, the sovereignty of the countries concerned should be respected, and foreign aggression must stop.

Vietnam's aggression of Cambodia has entered its 10th year. The Vietnamese authorities should realize that military invasion cannot conquer the Cambodian people; on the contrary, it has landed themselves in an extremely difficult position. We resolutely support the Cambodian people's struggle against Vietnamese aggression. We have always held that the key to a fair and reasonable political settlement of the Cambodian issue lies in withdrawing all Vietnamese troops from Cambodia as soon as possible and letting Cambodia settle its internal issues through negotiations with the parties concerned.

At present, the Vietnamese side says that it will withdraw its troops, but facts show that it lacks sincerity. As a party concerned, Vietnam should withdraw its troops without delay if it really wants to do so. It should hold talks with Prince Sihanouk and the Coalition Government of Democratic Kampuchea if it wants to seek a political settlement of the issue.

We respect the efforts made by Prince Sihanouk and the international community for a fair and reasonable settlement of the Cambodia issue and for restoring Cambodia to an independent, peaceful, neutral and nonaligned country.

Recently, some progress has been made in settling the Afghanistan issue politically. The international community has long and strongly demanded an end to the Soviet Union's military occupation of Afghanistan and restoration of Afghanistan's independence, neutrality, and non-aligned status. The Soviet Union has announced that it will withdraw all its troops from Afghanistan. We hope that the withdrawal will become a fact. We also hope to see that an Afghan coalition government in which all the parties concerned take part will be established at an early date, and that all the several million Afghan refugees can return to their homeland and again enjoy a peaceful life.

All countries are concerned about the tension in the Gulf region. In 1987, the United Nations Security Council adopted Resolution No 598, which provides a good basis for peaceful settlement of the Iran-Iraq conflict. We support the mediation by the United Nations secretary general. China actively supports any measures that are conducive to implementing Resolution No 598 of the United Nations Security Council and to ending the Iran-Iraq conflict soon. We disapprove of the superpowers' military involvement because it is fraught with [yun yu zhe 1314 5148 4192] the danger of escalation of the conflict. Both Iran and Iraq are China's friends. We hope that they will stop the war and talk peace. We have always stood for settling international disputes through peaceful negotiations. The conflicts can only do harm to developing countries. Countries can benefit only by getting along well with each other.

We support the just struggle of the Arab countries and the Palestinian people against Israel's aggression and expansion. We condemn the Israeli authorities' atrocities of cruelly suppressing the Palestinian people in the West Bank and the Gaza Strip. We support the convening of an international conference on the Middle East issue under the auspices of the United Nations to achieve an overall and fair settlement of the Middle East issue.

We support the just struggles waged by the people in South Africa in opposing racial discrimination, the Namibian people in seeking national independence, and the people of various countries in the southern parts of Africa in safeguarding their national security and opposing aggression by South Africa.

We support the efforts of various nations in Central America to promote peace and stability in their own countries and regions. We are concerned over the current tense situation in that region, and we oppose the superpower interference in other nations' internal and general affairs.



The economic turmoil in the world has been aggravated in the past few years. It has aroused general concern and uneasiness in various nations. Although the developed countries have maintained a low rate of growth in economic development, the friction among them has increased. The shadow of new economic depression is looming. Many developing countries' income from exports is declining, while their debts increase. They are faced with economic difficulties. Under such circumstances, the developing countries are coordinating their economic policies in order to achieve financial stability. In an effort to invigorate their economies, many developing countries are exploring ways to develop which are suited to the state of affairs in their own nations. They have also adopted some measures to promote South-South cooperation. It should be pointed out that at a time when the economic ties in the world are being strengthened with each passing day, the South and the North can only find a way out of their difficulties by joining their efforts to overcome them on the basis of the principle of mutual benefit.

History has created the tremendous financial gap between the South and the North. In today's world, it is more and more difficult for the developed countries to maintain their own prosperity and stability while the developing countries remain generally poor and backward. The dialogue between the South and the North should continue. The irrational world economic order should change. We support the Third World nations' justified demand and reasonable proposal opposing trade protectionism, raising the prices of their primary products, and lightening their burden from foreign debts. We hope that the developed countries will follow a far-sighted policy, adopting effective measures in financial affairs and trading and in the transfer of technology, particularly to help the Third World countries lighten the burden of their heavy debts, and creating a favorable international environment and conditions for the development of the Third World. Only by so doing will it be possible for the developed countries to solve their problems in finding markets for their products, outlets for their capital, and obtaining raw and semifinished materials and bring about common prosperity for the various countries in the world.

China is concentrating on its own development. It wishes to develop friendly cooperation with the various nations of the world on the basis of the five principles of peaceful existence.

The questions of Sino-U.S. and Sino-Soviet relations are our common concern. As everyone knows, China persists in its determination to act independently and will never attach itself to any superpower, or enter into alliance or strategic relationship with either of them. As a developing socialist nation with a vast territory and a big population, pursuit of such a policy is not only in keeping with the interests of the Chinese people but is good for world peace and stability.

Sino-U.S. relations have generally been stable during the past 5 years. High-level contacts have been maintained, and economic and trade relations, scientific and technological exchanges, and exchanges of personnel have been further expanded. However, a handful of people in the United States have, under various excuses, persistently attempted to interfere in China's internal affairs under various pretexts, in particular by refusing to follow the one-China policy with regard to Taiwan openly declared by the U.S. Government. Their words and deeds, which run counter to the principle guiding the establishment of diplomatic relations between China and the United States, will inevitably harm relations between the two countries. We hope that American politicians will realize that it is not only in China's interest but also in the interest of the United States to have normal relations between the two countries. Stable development of Sino-U.S. relations will be possible only when the three communiques issued by China and the United States are strictly observed.

Trade, technological exchanges, and exchanges of personnel have also increased between China and the Soviet Union in recent years. Consultations are going on for the normalization of state relations between the two countries, as are border talks. The normalization of relations between China and the Soviet Union conforms to the desire and fundamental interests of both peoples. We note that the Soviet Union has also stated that socialist countries should strictly abide by the principles of peaceful coexistence, but the three well-known obstacles that still exist between the two countries are at variance with these principles. To facilitate the settlement of the problem, Chinese leaders have long expressed their willingness to meet with their Soviet counterparts, with the necessary precondition that the Soviet Union stop supporting Vietnam in its aggression against Cambodia and urge Vietnam to withdraw its troops from Cambodia as early as possible. Such action on the part of the Soviet Union will greatly accelerate the process of normalization of Sino-Soviet relations and will be welcomed by the international community.

China has always attached great importance to the maintenance and development of good-neighborly relations with the countries around China, and in particular, to peace and stability in Asia. The Democratic People's Republic of Korea is China's close neighbor. China supports the Korean Government in its reasonable proposal for the independent and peaceful reunification of Korea and its efforts for the relaxation of tension in the Korean peninsula.

China maintains good relations with the ASEAN countries as well as with Burma and various south Asian countries. Sino-Mongolian relations have been developing. There has been improvement recently in China's relations with Laos. There has also been gradual improvement in China's relations with India in the past few years. We hope that China and India will settle their border question in the spirit of mutual understanding



and accommodation and through friendly consultation, so that our relations can be further developed, and that priority to the settlement of the question, peace and tranquility will be maintained in the border region.

We resolutely condemn Vietnam's illegal occupation of China's islands and atolls in the Nansha archipelago and its military provocations in waters around the Nansha islands. While conducting expansionist and aggressive activities, Vietnamese authorities have vilified and accused China. Its attempt to sow dissension in the friendly relations between China and the ASEAN nations will not succeed.

Japan is China's close neighbor, and there are close economic and trade relations and frequent exchange of personnel between the two nations. Sino-Japanese friendship conforms to the fundamental interests of the people of both countries. Neither the Chinese people nor the Japanese people wish to see the incidents that occurred in Japan to the detriment of the normal development of Sino-Japanese relations. We believe that problems existing in Sino-Japanese relations can be solved on the basis of the Sino-Japanese joint communique and the Sino-Japanese treaty of peace and friendship. We believe good-neighborly relations between the two countries will constantly expand.

Major progress has been made in China's relations with the socialist countries in Europe in recent years. China has maintained all-around friendly relations and cooperation with Romania and Yugoslavia and normalized relations with Poland, the Democratic Republic of Germany, Czechoslovakia, Hungary, Bulgaria, and other nations. We will exchange experience in socialist construction and reform with them in the spirit of mutual respect, equality, mutual benefits, and expedite the further development of friendly relations in all fields.

China's relations with various West European countries, Canada, Australia, and New Zealand are sound. China and these countries hold identical or similar views on many major international issues. We note with satisfaction that these countries have taken a positive attitude on developing economic and trade relations with China as well as scientific and technological exchanges. There are broad prospects for our cooperation in these fields and we will work to expand it for our mutual benefit.

It is a cornerstone of China's foreign policy to strengthen its unity and cooperation with other Third World countries. China appreciates the efforts made by various organizations of regional cooperation in the Third World to maintain security and promote development in their respective regions. We are ready to exchange experience in economic development and national construction with the Third World countries so that we may learn from each other.

As a member of the Third World, China understands the difficulties faced by other developing countries, sympathizes with them, and has provided aid to some of them to the extent possible. Our ability to offer aid is limited, however, because we ourselves have a poor economic foundation and a large population. We will continue to actively develop economic and trade relations with the developing countries as well as scientific and technological cooperation, in accordance with the principles of equality and mutual benefit, stress on practical results, diversity of form, and common progress. We believe that abiding by these principles is the effective way to promote South-South cooperation.

We favor and support the objectives of the Nonaligned Movement and highly appreciate the important role it has played in international affairs.

China extensively takes part in the various international organizations and actively carries out multilateral diplomatic activities. We will continue to, together with friends of all nations, work for peace and development at the United Nations and other international organizations. Our entire diplomatic work is to serve the two major goals of peace and development.

China has played an active role in the international arena as a major force opposing hegemonism, safeguarding world peace, and promoting common development and has drawn increasing attention and won widespread acclaim from the community of nations. Practice has shown that our foreign policy is correct and we will continue to unswervingly implement this policy.

Fellow deputies, China's reunification and rejuvenation is the common aspiration of Chinese people of all nationalities and a glorious task which history has entrusted to our generation. Therefore, I would particularly like to discuss the question on realization of the great undertaking of motherland reunification.

During the Sixth NPC, the Hong Kong and Macao questions left over from history were successfully resolved between the Chinese Government and the British and the Portuguese Governments through friendly negotiations according to the principle of one country with two systems. These important events in the modern history of China and the world have received warm support from all Chinese people, including the compatriots in Hong Kong and Macao, as well as broad welcome from the international community. Social stability and economic prosperity have prevailed in Hong Kong since the signing of the Sino-British Joint Statement. The Chinese and British sides have cooperated with each other to implement the Joint Statement and achieve positive results in various areas. The situation in Macao has also been gratifying since the signing of the Sino-Portuguese Joint Statement.

China's principles and policies regarding Hong Kong and Macao will not change. The basic law for the Hong Kong special administrative district is being drafted. The drafting of a basic law for the Macao special administrative district needs to be started, and a proposal has been made to the current NPC session for examining and deciding on the establishment of a drafting committee for the basic law of the Macao special administrative district. These two basic laws, which codify the Chinese Government's principles and policies regarding Hong Kong and Macao, will play an important role in the development of Hong Kong and Macao for several decades into the future. The motherland's further reform and its opening and modernization program will provide effective support for the stability and prosperity of Hong Kong and Macao, whose development will also give strong impetus to the motherland's construction.

As Hong Kong and Macao enter a new historical era, it is hoped that the compatriots in Hong Kong and Macao will advance hand-in-hand with the people of the whole country in continuing to contribute to the stability and prosperity of Hong Kong and Macao and to a smooth transfer and stable transition of political power.

Fellow deputies: Achieving the reunification of Taiwan with the mainland at an early date has become a very prominent task facing all Chinese people. For many years, we have consistently advocated that the two sides across the Strait establish postal, trade, and transport links, that people be allowed to come and go freely and promote understanding through exchanges, and finally that the country be reunited in the form of one country with two systems.

We are glad to see that after the Taiwan authorities relaxed the restrictions on Taiwan people's travel to the mainland to visit relatives, they have recently further relaxed these restrictions. New development has been made in cultural, academic, economic, and nongovernmental exchanges across the Strait. This conforms to the fundamental interests of the compatriots across the Strait. We hope to see even more Taiwan compatriots come to visit their relatives or to sightsee on the mainland. We hope to see more businessmen and industrialists come to do business on the mainland, and make investment, set up plants, and cooperate in economic matters in special economic zones or other places.

At present, the 1 billion Chinese people, including the Taiwan compatriots, are earnestly hoping for an early reunification and the prosperity of our country. This accords with the general trend of events and the will of the people.

We are willing to consult with the Taiwan authorities and with personages of various circles on the great plan [ji 6060] of the reunification of the motherland. We support all proposals that are favorable to reunification,

reject those that are detrimental to it, and firmly oppose any action designed to split the nation, whether it is initiated on Taiwan or outside of it.

We hope that the Taiwan authorities will put the interests of the whole nation above everything else and take active measures to establish the three links across the Strait and bring about peaceful reunification. We hope that the vast numbers of Taiwan compatriots, Hong Kong and Macao compatriots, Overseas Chinese, and the people of all nationalities on the mainland will unite more closely, pool their wisdom and their efforts, and work with one heart and one mind to expedite the process of reunification of the motherland.

Fellow deputies: Both the domestic and international situations are very favorable for our country's construction and reform. We must work under the leadership of the Communist Party of China, seize the opportunity, rouse ourselves into vigorous efforts to make the country prosperous, quietly immerse ourselves in hard work, struggle in unity with one heart and one mind, and bravely advance along the road of socialism with Chinese characteristics!

**A Grand Gathering for Pushing Reform and Opening Up and Promoting Democracy and Unity**  
*HK1750717 Beijing HONGQI [RED FLAG] in Chinese No 8, 16 Apr 88 pp 25-27*

[Editorial]

[Text] Both the First Session of the Seventh NPC and the First Session of the Seventh CPPCC have come to a successful close. The participants in the two meetings have resolutely implemented the line of the 13th CPC National Congress and took reform, opening up, and construction as the main subjects for discussion. In a dense atmosphere of democracy, they discussed affairs of the state together. There was unprecedented transparency at the meetings. The NPC deputies and CPPCC members have conscientiously exercised the rights entrusted to them by the masses of people. Having concerned themselves with the great cause of reform and construction and with a high sense of responsibility, they have put forth many good proposals and opinions. They have aired their views frankly and realistically. While affirming the great achievements of government work, they have also made sharp criticisms from various angles, reflecting the voice and demands of the masses of people. The two meetings elected new leading organs of the state and new CPPCC leaders, providing an important organizational guarantee for the political stability of our country and the continuity of the policies of reform and opening up. We believe that the two meetings will have a great influence on the implementation of the general policy and general principle of reform and opening up, on the perfection and development of socialist democracy and legal system, and on the smooth progress of the socialist modernization drive.

Speeding up and deepening reforms and opening up wider were the main topics of discussion at the First Session of the Seventh NPC, and are also common aspirations of people throughout the country. The 5 years between the First Session of the Sixth NPC and the First Session of the Seventh NPC were a period in which the Chinese people were doing all they could to promote reform and opening up, the guidance of the line of the 3d Plenary Session of the 11th CPC Central Committee, and a period in which the great cause of building socialism with distinctive Chinese characteristics developed vigorously. Reform and opening up have violently battered at the rigid and old structures that have fettered the social productive forces of our country for a long time and the old and traditional concepts that have stifled the people's thinking. Owing to reform and opening up, the social productive forces have been further emancipated, the socialist modernization drive is full of unusual vigor and vitality, and great and profound changes have taken place in our country. Now we have entered a new stage of deepening reforms and raising the degree of opening up. This means that the great achievements and experiences of the previous stage of reform and opening up have enabled our party, government, and people to pose and solve a series of new problems. It also means that the new contradictions, clashes, and problems that have emerged in the course of construction and reform have required us to make new efforts and adopt new reform measures to further readjust the interests of various quarters. Practice proves that reform and opening up is fundamental to speeding up the pace of socialist modernization, concentrating our strength on the development of productive forces, and continuously improving the people's material and cultural life. Today, only by adhering to the policy of reform and the policy of overall consideration and rational arrangement and having reform dominate the overall situation can we solve the new contradictions and problems and promote the continuous development of our socialist construction.

Reform is a profound revolution. In order to successfully carry out reform and opening up, we must pay attention to the following points. First, we must emancipate our minds. All the great achievements we have made in reform and opening up and in construction are results of emancipating the mind. To make a new step forward in reform and opening up and in construction, we must further emancipate our minds on the basis of practice. We must make continuous efforts to eliminate the influence of rigid thinking and dare to break with traditional concepts and frames that fetter the development of productive forces and cast off rigid management patterns. We must resolutely support all things that are favorable to the development of productive forces and resolutely discard all those that do not favor this development. Second, we must gain a sufficient understanding of the long-term nature and the arduousness and complexity of reform. China is now in the initial stage of socialism. This determines that our reform will inevitably be a long, arduous, and complicated course. Our country is a big country. The situation varies from place

to place and economic relations are intricate and complex. No reform measures can be entirely perfect, and all reforms should go through a course of being constantly perfected and improved. We must also realize that reform will eventually bring about great benefits for everyone, but for a certain period and in certain spheres, some concrete measures of reform may only benefit some people, while others may not benefit or even suffer some losses. We cannot expect every reform measure to bring about the same benefits to everyone at the same time. Therefore, it is necessary for us to make continuous efforts to deepen our understanding of reform and proceed from the overall situation in considering the specific content, significance, and necessity of every reform measure. Only thus can we enhance our bearing capacity and achieve a better understanding of reform and conscientiously support and participate in reform.

The strategy for coastal economic development and developing an export-oriented economy is an important policy decision of the CPC Central Committee for speeding up and deepening reforms, expanding the scope of opening up to the outside world, and promoting the development of coastal areas and the entire national economy. Just as was unanimously pointed out by the participants of the Seventh NPC and the Seventh CPPCC, this important policy decision of the CPC Central Committee and the concrete methods and measures of the State Council for implementing this strategy are very inspiring and are spurring us forward. We must gain a sufficient understanding of the necessity, imperative, and possibility of implementing this development strategy and, on the basis of unifying thinking, resolutely and immediately put it into effect. At the same time, we must also realize that since the development of an export-oriented economy is a new strategy and we do not have any previous experience; since many structures, such as foreign trade and financial structures, have to be further reformed; and objectively, since competition is fierce in the international market and there is a high demand for quality products, it will be very difficult for us to carry out concrete measures. We may encounter danger and run risks and may even make certain mistakes. In short, there exist both opportunity and challenge and both hopes and difficulties. We must adapt ourselves to this new situation, work out effective and feasible plans and measures, and resolutely change the backward situation in respect to foreign trade structure, enterprise management, workers' quality, and application of science and technology in economic development so that we can eliminate all kinds of obstacles in developing an export-oriented economy and create favorable conditions for implementing the strategy for coastal economic development.

The reform of government work organs is an important part of political structural reform. The First Session of the Seventh NPC has, in principle, approved the plan for reform of the State Council organs. It is an important step and measure for carrying out reform of our government institutions, overcoming bureaucratism, and

increasing the efficiency of government. Over the past 30-odd years since the founding of the state, our party and state have carried out a number of organizational reforms and readjustments, including three large-scale reforms. However, since the administrative functions of the socialist state organs and the basic task and targets of institutional reform were not made clear in the guiding ideology and the key problem of changing the administrative functions of government was not firmly grasped, and since corresponding economic and political structural reforms were not carried out while carrying out institutional reform so that the root cause of the problem of swelling organization in structure could be eliminated, a harmful cycle of "streamlining—swelling—streamlining again—swelling again" inevitably appeared. This time the State Council has drawn a lesson from past institutional reforms. Proceeding from the demands of economic structural reform and development of the commodity economy, the task of changing functions will be a main task of the institutional reform and various institutions will be set up according to specific functions. The past practice of dismissing or merging institutions and reducing staff in an oversimplified way will not be repeated. Reform will first be carried out in the economic management departments that have close relations with the reform of the economic structure and will be suited to the general process of both the economic and political structural reforms. While carrying out institutional reform, we will also actively promote reform of the personnel system, which is mainly aimed at establishing a civil service system. Therefore, although the institutional reform is an arduous and complicated task involving the readjustment of power and interests, personnel arrangements, and policy, provided the cadres at all levels and the broad masses of people have unified their thinking in accordance with the plans adopted by the NPC session and resolutely implement those plans step by step, we are sure that the institutional reform will be a successful one and will reach its scheduled goal.

How do we make the cadres of party and government organs continue to serve the people wholeheartedly and be honest in performing their duties while developing the commodity economy? This is an important matter for us in reform and opening up. In the course of expanding the scope of opening up to the outside world and developing the commodity economy, the old systems are being replaced by the new, the imperfect legal and democratic mechanisms and policies are being coordinated, and ideological and political work is being relaxed. Because of this, some party and government cadres have prostrated themselves at the feet of money, taken advantage of their power to seek private gain, used public office for private gains, forgotten their duties in seeking personal benefits, extorted money from others, and taken bribes. Also because of this, some party and government organs have taken advantage of their positions, power, and public funds to eat and drink extravagantly, travel around and go sightseeing, and go in for ostentation and extravagance. Such rotten styles have not only affected the smooth progress of reform, opening

up, and construction, but have also aroused great indignation among the broad masses of people. Thus, whether our party and government organs and cadres at various levels can keep up the style of being honest in performing their duties, the style of hard work and plain living, and the style of being diligent, conscientious, faithful, and active in serving the people has become an important matter that has direct bearing on the prestige and cohesive force of the party and government and on the destiny of construction and reform of our country. In order to solve this problem, it is first necessary to strengthen education in Marxist theory and the party's basic knowledge among the party and government cadres and increase their basic quality so that the cadres, especially the leading cadres at various levels, can always bear in mind the purpose of serving the people wholeheartedly, develop the fine tradition of maintaining close links with the masses, and really put the people's interests first. Second, it is necessary to deepen economic and political structural reforms, perfect relevant regulations and laws, and strengthen the building of the economic supervisory departments and supervision over party and government cadres so as to restrain the activities of party and government organs and their employees by relevant regulations and systems, thus placing these organs and cadres under the supervision of the people. Third, along with developing production and increasing the state's financial strength, it is necessary to gradually improve treatment for party and government cadres. At the same time, it is necessary to run the party and government strictly. All serious violations of law and discipline, such as abusing power to extort money from others, taking bribes and stealing, dealing in smuggled goods, and selling state secrets, should be severely punished according to the law. The degenerates within the party should be cleared out of the party without hesitation. In this connection, we must lay special emphasis on promoting the building of socialist spiritual civilization. Reform and opening up have greatly stimulated the development of all kinds of ideologies and theories. Great changes have taken place in the people's concepts of value and the spiritual world. Various kinds of decadent ideologies of the exploiting class have also made use of the loopholes in our work and systems to grow and spread. The new situation demands that we conscientiously sum up our experiences of the past few years in building spiritual civilization and continue to do a good job in building socialist spiritual civilization so that we can further enhance our ability to resist all kinds of decadent ideologies, further develop the spirit of building an enterprise through arduous effort and building up the country through thrift and hard work, and arouse our patriotic enthusiasm in rejuvenating China.

Socialist undertakings are the undertakings of all the people. Without socialist democracy there can be no socialist modernization. In either construction or reform, without the enthusiastic support and participation of the broad masses of people, nothing can be accomplished. Only when there is a high degree of socialist democracy and the masses of people have raised

their consciousness and enhanced their ability to participate in government affairs can we make the development of construction and reform conform to the will, benefits, and needs of the broad masses of people, can we enhance the sense of responsibility of the broad masses of people as masters of their own houses and give play to their enthusiasm, initiative, and creativity, and can we promote the smooth progress of the socialist modernization drive and reform and opening up. In promoting socialist democracy, it is first necessary to mobilize the enthusiasm of the grass-roots units and masses by extending democracy at the grass-roots level. Democratic life at the grass-roots level should be systematized so that the workers, peasants, intellectuals, and the broad masses of people can really become masters of their own houses. The grass-roots units are the cells of our society and the places where the broad masses of people live and carry out production activities. Once democracy at the grass-roots level is promoted, there will be a solid foundation for the building of democracy throughout the country and for the stability and unity of the entire society. The development of democracy at the grass-roots level is also conducive to fostering and increasing the idea of and ability of the people to run their own affairs as masters. At present, in some departments and grass-roots units feudalistic and patriarchal leadership still exist, especially in the large rural areas, where the democratic rights of the masses often become mere formalities. The phenomenon of infringement upon the rights of the masses has also appeared now and then, and in a few places it is quite serious. For this reason, it is not only necessary but imperative for us to promote the building of democracy at the grass-roots level.

Socialist democracy and the socialist legal system are inseparable. Under the condition of socialism, democracy can be effectively guaranteed only when it is systematized and legalized. Over the past 10 years, the NPC and the NPC Standing Committee have done a great deal of work to develop socialist democracy, perfect the socialist legal system, and systematize and legalize democracy. In the new situation of reform and opening up, we must continue to strengthen economic legislation work. At present, it is necessary to work out some important economic laws, such as the private enterprise, maritime, investment, company, labor, and township and town enterprises laws, as soon as possible and in a planned way. It is necessary to do a good job in enforcing economic laws and further improve the economic legal system. At the same time, it is necessary to put the building of administrative laws in an important position. Generally speaking, the socialist legal system based on the Constitution has already been initially established in our country and the situation of having no laws to abide by has been basically changed. The main problem at present is that the laws that have been enacted are not fully enforced or implemented. The problem of not abiding by the law and not strictly enforcing the laws still persists to a serious degree in some places and in some fields. Therefore, it is necessary to effectively strengthen legal supervision so that the enforcement of laws can be

improved and the phenomena of not abiding by the law and not strictly enforcing the laws can be effectively overcome.

In April, spring is everywhere in China. In the excellent situation of deepening reform and expanding the scope of opening up, let us unite as one and make vigorous efforts to make our country prosperous. Let us make continuous advances along the path of building socialism with distinctive Chinese characteristics!

### **A New Style of Democratic Politics**

*HK1651521 Beijing HONGQI [RED FLAG] in Chinese No 8, 16 Apr 88 pp 28-29*

[Article by Wang Jue [3769 6030]]

[Text] NPC and CPPCC meetings are held every year [as published], but only the First Sessions of the Seventh NPC and CPPCC witnessed the strongest sign of democratic style and democratic atmosphere. Not only did Chinese and foreign reporters see this for themselves, but even ordinary people in "distant lands outside the country" were able to see it on their television screens.

While discussing and examining government work reports and proposals made at NPC and CPPCC meetings in the past, deputies were also active in airing their views, but only the proper ones. As a deputy named Ma Shitu said, these were "correct remarks that are not of much use." But the situation in the last NPC and CPPCC sessions was different. NPC deputies and CPPCC members spoke their minds freely, were bold in making criticism, and aired views that were a little unpleasant to the ear. They even dared to say the "existing problems are much more serious than those related in the report."

A dissenting vote at the fourth session of the last NPC became a piece of explosive news, but the current NPC has witnessed many such votes. When proposals were put to the vote on the third day of the session, one of the proposals was passed with 8 dissenting votes and 69 abstentions. A reporter called this a "happy event" occurring for the first time in the history of the NPC." There was something more than this, which astonished some Chinese and foreign reporters: When the executive chairman of the presidium was soliciting opinions on a proposal to be put to the vote, several deputies stood up and aired their dissenting views. They were warmly acclaimed by other deputies. Although their applause did not necessarily mean full support for these dissenting views, it undoubtedly indicated their appreciation for this democratic move. No wonder a RENMIN RIBAO reporter exclaimed: This year's democratic "climate" is a turn for the better.

Truly, the democratic style laid down by the two sessions has led many people to think that our democratic politics is developing. The democratic mentality of the deputies and members was enhanced, as was their ability to

manage state affairs. They expressed their views and the wishes of the people with ease of mind, regardless of whether these views and wishes coincided with those of the government or not. A GONGREN RIBAO reporter wrote: "The deputies' sense of responsibility and mission has replaced their sense of glory." The days have gone once and for all when the NPC was ridiculed as a "rubber stamp" and a "voting machine." Many people have obtained larger images of the two sessions than expected.

The substantial democratic atmospheres at the two sessions imposed heavy pressure on some deputies who had originally intended "just to listen to others, to make notes, or to raise their hands to vote when others do"; this time they were forced to think that they were "representing millions of voters." They were taken by surprise by the rapid development of democracy in the country. The development of democracy is by no means accidental. This development has resulted from the correct guidance of the line, principles, and policies laid down by the 3d Plenary Session of the 11th CPC Central Committee, from the call for continuous reform of democratic politics, and from the enhancement of the people's understanding of democracy in the course of reform. In the past, many people thought that airing different views should not be regarded as the strong point of socialist democracy. But at the two sessions, reporters from different quarters caught sight of new situations and new concepts that were different from those in the past. These new concepts are permeating the minds and habits of many people. At a group discussion attended by some Chinese and foreign reporters, Banqen said: "As a Tibetan saying goes, there are 100 kinds of thoughts in the minds of 100 people, as are there 100 kinds of horns on the heads of 100 yaks. The 2,000-plus deputies cannot be of the same opinion." These words were of a somewhat philosophical taste. It cannot be denied, of course, that the people of all nationalities throughout the country have the same fundamental interests. This has determined that on major problems of fundamental principle, the people of all nationalities have unanimous opinions. In addition, there are also differences of opinion concerning the relations of interests between different regions, different nationalities, different strata, and different social groups, as well as between the state, the collective, and the individual. This determines that the people and their representatives cannot reach complete unanimity of opinion on certain problems. The 2,900-plus NPC deputies came from among the 1 billion people of 56 nationalities in 29 provinces, municipalities, and regions, and from 9 political parties and 15 mass organizations. It would have been impossible for the deputies to have one voice, one opinion, and one stand on all problems. They were of the same opinion on certain problems but differed on other issues; some agreed, others objected or abstained. This is normal and corresponds to the principles of socialist democracy. We should not regard this normal situation as abnormal. Making decisions on problems and electing

leaders on the basis of repeated discussions and consultations according to the principle of democratic centralism is the essence of socialist democracy and is where the crux of the people being the masters of the country lies.

There have been news reports and press commentaries on the two sessions pointing out that the progress of democracy is irresistible. "Our country has become more open and more democratic." This is a common feeling that is currently running high throughout the country. People have witnessed with confidence that the CPC Central Committee, comrades of the presidia of the two sessions, and party and state leaders have taken the lead in this respect. Not only did the two sessions listen to all types of opinions, they also absorbed good suggestions and included them in their documents. Of course, it will take time and effort to put these documents into effect. It will not cause much trouble for ordinary people not to listen to others' opinions; but whether leading comrades are willing to do so has important implications for the interests of the people and involves the question of whether respect is shown for the people's rights. There are quite a number of cadres who are not willing to listen to others' opinions. In some localities, some people, including some NPC deputies, have got into trouble for airing different views. A strange thing happened prior to the NPC meeting: A city's leaders ordered the withdrawal of a newspaper from circulation because it had published an NPC deputy's different views, upsetting the leaders.

The two sessions concluded satisfactorily after almost 20 days of democratic discussions and political consultations in which votes were taken and ballots were cast. Although the two sessions are over, they are still giving the participants much food for thought. The deputies are considering how to become more qualified and how to exercise their rights on behalf of the people; whereas comrades who have been elected to leading posts by NPC deputies and CPPCC members are considering how to carry out the mission entrusted by the people, how to place the work of governments at all levels under the people's supervision, and how to exercise their rights on behalf of the people. Voters are also considering their own problems. For example, they are considering how to elect candidates and how to ensure that all deputies can work under the people's supervision. The writer deems it necessary to consider how to hold the two sessions better and make them more compliant with the democratic and legal systems. We will be able to speed up the formation of democratic politics so long as NPC deputies, CPPCC members, leading cadres, and the masses consider their particular problems thoroughly.

#### **Focus Attention on Firmly Implementing the Basic Line**

*HK1951130 Beijing HONGQI [RED FLAG] in Chinese No 8, 16 Apr 88 pp 30-34*

[Article by Sun Jiazhen [1327 1367 2973], deputy secretary of Jiangsu provincial party committee]

[Text] The 13th party congress has laid down the party's line during the initial stage of socialism. Only by unwaveringly implementing this Marxist line can we

advance along the road of building socialism with Chinese characteristics, can a harmonious political environment of democracy and unity take shape, can we fully arouse and protect the enthusiasm of the masses for building socialism and carrying out reform, and can we ensure the healthy and steady development of the socialist modernization. Historical experience teaches us that it is no easy job to firmly implement a correct line. Hence, following the 13th party congress, comrades of the whole party should focus their attention on firmly implementing the basic line so that it will strike root in the hearts of the people.

### **1. The Objective Basis for Profoundly Understanding the Basic Line**

The party's line is the practice of building socialism with Chinese characteristics being deeply rooted among the whole party and the people of the whole country rather than an outcome of subjective imagination. China's basic national condition of being at the initial stage of socialism constituted the objective basis for the 13th party congress to lay down the party's basic line. To ensure the firm implementation of the basic line in practical work, it is necessary to acquire a profound and comprehensive understanding of this basic national condition.

Over the past 30 years or so, our party traversed a tortuous path on its understanding of China's national conditions. During the initial period after the founding of the PRC, Comrade Mao Zedong pointed out that China started to build socialism from the shambles left over by the KMT. He described the situation as one of "poverty and blankness." "Poverty" meant that the foundation of our industry was weak and our agriculture was underdeveloped, while "blankness" referred to the low level of our culture, education, and science. However, we failed to deepen this understanding. In the 20-odd years from the basic completion of socialist transformation in 1956 to the 3d Plenary Session of the 11th CPC Central Committee in 1978, the reason for the blind pursuit of pureness, repeated "leftist" mistakes, and overanxiety for quick results in the party's line and policies was that our understanding was divorced from objective reality and China's basic national conditions. In a big country emerging from the womb of a semicolonial and semifeudal society in which the productive forces and a commodity economy were extremely backward, we did not understand that building socialism required undergoing an initial stage of considerable length and did not know how to firmly grasp the principal contradiction and tasks at this historical period. Following the 3d Plenary Session of the 11th CPC Central Committee, we reestablished the ideological line of seeking truth from facts and deepened our understanding of China's national conditions on the basis of summing up experience and setting things to rights and in the process of promoting reform and building socialist modernization. Proceeding from the historical premise

of China's socialist construction and international environment, the general situation of China's social and economic development, and the experience and lesson drawn from China's socialist construction, the 13th party congress profoundly and comprehensively demonstrated for the first time that China is at the initial stage of socialism, expounded the historical inevitability and protracted nature at this stage and elaborated the nature, characteristics, principal contradiction, and historical tasks and the party's basic line and principles at this stage. Consequently, the theory of initial stage of socialism in China began to take shape. Theory guides practice and the steadfastness of practice derives from theoretical consciousness. While studying the 13th party congress report, we have come to realize that the party's basic line based on the theory of the initial stage of socialism is the continuation of the line since the 3d Plenary Session of the 11th CPC Central Committee. In addition, it is more accurate, scientific, and perfect and conforms more to reality. With the theory of the initial stage of socialism as a guide, we can have a deeper understanding of the line and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee. This shows that the theory on the initial stage of socialism is the ground for laying down the party's basic line as well as the guide for understanding and implementing the party's basic line. Only by seeking unity of thinking in the initial stage of socialism can we have awareness and steadfastness in implementing the party's basic line.

It is indeed very important for local comrades to get a clear understanding of the national condition of the initial socialist stage by starting with investigation of the provincial, city, and county conditions. A question arising therefrom is to correctly handle the relations between basic national conditions and regional differences. As China is a country with a vast territory, the economic and cultural development of various localities cannot be even. These differences and the unevenness do not constitute a deviation from or a negation of the basic national condition of the initial socialist stage. Conversely, they enrich and develop this basic national condition. Instead of negating the universality of basic national conditions with regional differences or negating the particularity of regional differences with the generality of the basic national conditions, we should organically combine the general understanding of national conditions with the specific reality of each locality and department and resolutely and creatively implement the party's basic line.

China is now at the initial stage of socialism. This national condition does not exist in deviation from the particularity of each locality and department. Instead, it resides in such particularities and is the theoretical and abstract summary of them. Hence, it is of universal guiding significance. The two essential factors, socialism and initial stage, are applicable to the economically developing areas as well as to the economically developed areas. There will be no way out by going backwards. Any attempt to transcend this stage will also be foiled.



Although economic and cultural development in China's coastal areas, the east, and urban areas differ to varying degrees from the interior, the west, and rural areas, these areas are all at the initial stage of socialism. This is an objective reality independent of man's will. Only by acquiring a clear understanding of this basic national condition can we profoundly understand the party's basic line and consciously implement the party's basic line and policies.

To correctly understand the basic national condition that China is at the initial stage of socialism, it is also necessary to properly handle the relations between basic national condition and the development of socialist construction by stages and prevent simply regarding the quantitative increase as a qualitative leap. Meanwhile, we should readjust and perfect some specific policies and measures in light of the changed circumstances. The initial stage of socialism constitutes a long historical course full of contradictions and abrupt social changes. With the rapid development of reform and construction, the connotation of national condition is also changing. Moreover, the qualitative steadfastness of the initial stage of socialism runs through this entire historical course. It will not change until the end of the course. From the basic completion of socialist transformation of private ownership of the means of production in the 1950's, the report to the 13th party congress pointed out, the initial stage of socialism will last at least 100 years. This estimate conforms to reality. It serves as an antipyretic which can help prevent repeating the mistakes of getting swollen-headed, being impatient for quick results, and seeking absolute perfection before development and achievements.

## **2. Correctly Remove the Interference From Both the "Left" and Right**

In China's reform and socialist modernization, there exist interference from both the "left" and the right. To ensure firm implementation of the basic line, it is necessary to correctly overcome both the "leftist" and rightist interference and influence in practical work, adhere to the correct political orientation, and realize the unity of the two basic points, upholding the four cardinal principles and insisting on reform and opening up, in the practice of building socialism with Chinese characteristics.

Eliminating the influence of liberalization is a long-term task which should run through the entire course of implementing the party's basic line. The principal task at present and for quite some time to come is to eradicate rigid thinking. This is because rigid, "leftist" things are deep rooted in China socially and ideologically. In the history of Chinese revolution and construction led by our party, "leftist" mistakes caused greatest harm, lasted for a long time, and had a profound influence on people's thinking. The measures adopted to set things to rights in an all-round way since the 3d Plenary Session of the 11th CPC Central Committee have been aimed at eliminating

the "leftist" mistakes. However, the deep-rooted "leftist" things have become a force of habit. Given an opportunity, they will revive. The purpose of our reform is to eliminate the defects in economic and political structures formed under the "leftist" thinking and line. Hence, the main obstacle to accelerating and deepening reform and opening up wider to the outside world in accordance with the basic line will inevitably come from the rigid, "leftist" thinking. With the changes in labor charges and the readjustment of production setup of the developing countries in the current international economic activities, labor-intensive industries are confronted with another new shift. This provides China's coastal areas with a favorable opportunity to develop their economies. During his inspection tour of Shanghai, Jiangsu, Zhejiang, and Fujian at the end of 1987, Comrade Zhao Ziyang pointed out: The coastal areas should have the whole world in view and vigorously develop an export-oriented economy. It is necessary to make the most of local advantages including cheap but fine quality labor, good transport services, and sound basic facilities; attract foreign investment; develop labor- and technology-intensive industries; increase exports; join the great international circle; and give impetus to the development of the domestic economy. This strategic thinking enormously encouraged and enlightened the cadres and masses of the coastal areas. Although there are many factors hindering the development of an export-oriented economy, the essential ones include a lack of a sense of reform, opening up, and an enterprising spirit; narrow-mindedness; and having one's hands and feet bound and one's field of vision blocked by outdated ideas and conventions. To lift the restrictions on the economy, it is first necessary to emancipate the mind. Hence, to implement the party's basic line, it is necessary to further eliminate the influence of rigid, "leftist" thinking, emancipate the mind, and regard the things advantageous to the development of productive forces as the starting point to consider all problems and the criterion to judge all work.

Naturally, when we say that the principal task is to eliminate the influence of rigid, "leftist" thinking, it does not mean in the slightest degree that we can relax our vigilance against rightist thinking and liberalization. Rightist thinking and liberalization has not only sabotaged the political situation characterized by stability and unity, but has also hindered the smooth progress of reform and opening up. Moreover, it has intensified rigid thinking in actual life. For this reason, we should heighten our vigilance against it. We should wipe it out no matter where or when it occurs. To this end, leaders should take a clear-cut stand. Nevertheless, while eliminating the rightist interference, we should not forget that rigid, "leftist" thinking constitutes the main obstacle to accelerating and deepening reform.

It is essential to adopt a correct method to overcome both "leftist" and rightist mistakes. In China today, class struggle no longer constitutes the principal contradiction. The majority of both "leftist" and rightist mistakes



are not a reflection of class struggle. Instead, they constitute a problem of ideological understanding as subjective understanding is divorced from China's objective reality. Instead of adopting the method of class struggle or launching a movement, we should frequently conduct ideological and political work, carry out positive education and criticism and self-criticism, and apply the method of persuasion and discussion in connection with practice to solve problems in ideology and understanding. By doing so we can correctly distinguish between right and wrong, solve the problems, prevent weakness and incompetence and the mistake of magnifying contradictions, avoid social turbulence, and maintain a political situation characterized by stability and unity.

In addition, we should take note that "leftist" and rightist deviations are political concepts with specific meaning. We cannot classify all the problems in actual life in light of "leftist" and rightist deviations. In the long course of implementing the party's basic line, we will inevitably encounter all kinds of contradictions. Regarding ideological and practical problems arising therefrom, we should make a concrete analysis of concrete problems and apply different methods to solve problems of different natures. We should not use crude and oversimplified methods to suppress differing views as they can help us acquire a comprehensive and objective understanding of things.

### 3. Try To Build Socialist Democracy and Politics

Building socialist democracy and politics constitutes an important content of the party's basic line. Meanwhile, it can also ensure firm implementation of the party's basic line. The party's basic line will cover the entire initial stage of socialism which will last at least 70 years from now. In this long course, we are bound to encounter difficulties and make mistakes. How can we tide over the difficulties and setbacks on the road of advance? Comrade Deng Xiaoping pointed out: "The key lies in constantly summing up experience so that the political activities of our party and government will be more democratic and we can extensively listen to the opinions of the masses. In this way we can avoid big mistakes and promptly correct the minor mistakes."

The essential experience of implementing the party's line and policies in the party's history shows that fully developing democracy will be of great significance to ensuring the firm implementation of the party's basic line. From the Zunyi Conference to the socialist transformation, the CPC Central Committee and Comrade Mao Zedong took note of exercising collective leadership and implementing the principle of democratic centralism. As a result, inner-party democratic activities were normal and the party could correctly pool the wisdom of the whole party and formulate correct policy decisions which ensured the implementation of the general line of the new democratic revolution and the general line of the transitional period and achieved victories in the new democratic revolution and socialist transformation. The

Eighth CPC Congress correctly analyzed the principal contradiction in Chinese society following the basic completion of socialist transformation and laid down the correct line and policies for socialist construction. However, the line of the Eighth CPC Congress was not firmly implemented and the essential reason for this was a lack of normal inner-party democratic life. As the fine tradition of inner-party democracy was not carried forward nor was it institutionalized, after the "Great Leap Forward" in 1958 and the anti-rightist movement in 1959, the democratic life of the party and government was gradually weakened and the abnormal phenomena of one person having the say, one man deciding on major issues, personality cult, and placing oneself above the organization emerged one after another. Consequently, the correct line of the Eighth CPC Congress was replaced by the "leftist" line which regarded class struggle as the key link, leading China down a tortuous road for 20 years. Since the 3d Plenary Session of the 11th CPC Central Committee, our party has restored and developed its fine tradition of democratic centralism and promoted the building of socialist democracy and the legal system in the course of reform and construction, thus ensuring the firm implementation of the party's correct line. The 3d Plenary Session of the 11th CPC Central Committee approached the development of socialist democracy from the high plane of success or failure of the socialist modernization. Later the important meetings of the party reiterated the necessity of developing socialist democracy and explicitly defined in the party's line that "democracy" constitutes one of the targets of building socialism with Chinese characteristics. Comrade Deng Xiaoping pointed out that since the 3d Plenary Session of the 11th CPC Central Committee, our party "had two major domestic policies: first, to develop democracy politically; and second, to carry out economic reform and introduce reforms in other fields of society as well." This is absolutely correct. Without socialist democracy, the practice since the 3d Plenary Session of the 11th CPC Central Committee and the party's basic line would be out of the question. Without socialist democracy, it would also be impossible to ensure the firm implementation of the party's basic line.

The masses are our main force in carrying out reform and construction. So long as the correct line and policies come from the masses and are accepted and supported by them, their implementation will be based on a solid foundation. Then it will be difficult to change them. Hence, in the course of implementing the party's basic line, the leading organs at all levels should fully develop democracy, constantly increase the transparency of their activities, let the people know and discuss major issues, and establish their work on the basis of attentively listening to the opinions of the masses. We should strive to explore the road of building socialist democracy and politics through vigorously and steadily promoting political structural reform and extend democracy to the party and all fields in society. It is necessary to institutionalize and legalize democracy and institutionally and legally ensure that all people can truly enjoy the rights to

exercise management over the state, particularly the local organs of political power, enterprises, and institutions through various effective forms. Only thus can we fully arouse the initiative and creative spirit of the people and unite as one to overcome the difficulties in implementing the party's basic line.

As a target of the initial stage, the building of socialist democracy and politics is a pressing as well as long-term task. We should not be overanxious for quick results and attempt to reach the goal in one step. Marxism holds that democracy and politics, as the superstructure, will inevitably be conditioned by the given economic relations, historical traditions, cultural level, and national quality in society, of which economic relations are most essential. The fact that China is now at the initial stage of socialism determines that the building of our democracy and politics can only be at the initial stage. As old China left behind a lot of feudal autocratic traditions and very few traditions of democracy and legal system, and because of a lack of experience and the mistakes made in our work for a long time, the road to perfecting the political structure and building socialist democracy and politics will be a long, tortuous one and it cannot be successful without the strenuous efforts made by several generations. We should not be impetuous because of the necessity of the building of socialist democracy and politics nor relax our efforts because of the protracted nature of the building of democracy and politics. On the whole, there is still a lack of democratic development at present. The development of economic structural reform requires acceleration of the building of socialist democracy and politics which can ensure and give impetus to economic structural reform. In accordance with the requirements of the party's basic line, we should vigorously and steadily carry out political structural reform and build socialist democracy and politics with Chinese characteristics in a planned and step-by-step manner.

#### **4. Fully Exploit the Exemplary Role of Party Organizations at Various Levels and All Party Members**

To implement the party's basic line at the initial stage of socialism, party organizations at various levels and the broad ranks of party members shoulder great historical responsibility. The key to ensuring the firm implementation of the party's basic line lies in doing a good job of party building and giving full play to the role of party branches as fighting bastions and the exemplary role of party members.

Above all, it is necessary to organize the broad ranks of party members to seriously study the spirit of the 13th party congress and apply the theory of the initial stage of socialism and the party's basic line to unify the thinking and action of all party members, leading cadres in particular. Some comrades say that the theory of the initial stage of socialism and the basic line at this stage have downgraded the requirements for party members.

This is a misunderstanding. Communist ideals constitute the source of strength and spiritual mainstay of our party members and advanced elements at all times. It is the only way leading to the party's lofty ideals to implement the party's basic line at the initial stage of socialism and work hard to build China into a powerful, democratic, and civilized socialist country. As for the communist, the efforts he makes to implement the party's basic line are tantamount to the efforts made to realize the party's lofty ideals. He who is not loyal and enthusiastic in the actual struggle intentionally or unintentionally deviates from the party's lofty ideals. Then he is not qualified to be a conscious communist. Therefore, all party members, leading cadres in particular, should seriously study the spirit of the 13th party congress, acquire a profound understanding of the actual situation of their locality and department, be determined to carry out construction and reform, build the country with arduous efforts, and creatively implement the party's basic line.

It is a new test for every party member to implement the party's basic line. Under the conditions of reform and opening up, particularly in the substitution of a new system for the old one, some people within the party and in society will take advantage of the reform to engage in unhealthy tendencies and interrupt the firm implementation of the basic line as the legal system, policies, and readjustment mechanisms are not yet perfect and the opportunities are not equal. For this reason, we should carry out reform without hesitation, shorten the process of the substitution of a new system for the old one, and structurally and institutionally reduce the space and soil for the existence of unhealthy tendencies. Meanwhile, it is necessary to resolutely implement the principle of strictly administering the party, further increase the awareness of party members and improve their ideological and political qualities, enhance their ability to resist corruption, and encourage them to consciously fight against unhealthy tendency. Those who violate party discipline and rules and who undermine the cause of the party and the people should be expelled from the party so as to maintain the purity and combat effectiveness of the party. Reform is a revolution. The deepening of reform will further readjust the interests and powers of various respects. Undoubtedly, reform will benefit every member in society in the long run. However, we cannot expect each specific reform measure to bring about direct, equal benefits to each person. Communists should put the interests of the party, state, and the people first at all times. They should be prepared to sacrifice their personal interests for the success of reform and for the overall interests. Only when communists have roused themselves for vigorous efforts to make the country strong and prosperous, adhered to reform, courageously forged ahead, and set a fine example can they encourage and attract the masses to fight to realize the party's line and policies. Moreover, party organizations and the broad ranks of party members should consciously establish close ties with the masses, energetically publicize the party's line and propositions, and correctly answer the

understanding and ideological problems raised by the masses through meticulously conducting ideological and political work so that the masses will have a better understanding of and support the party's line and policies. Consequently, we can unite the majority of the people around the party and strive to fulfill the tasks set forth by the 13th party congress.

**Extensively Unfold Social Consultation and Dialogue, Conscientiously Build Up Social-Democratic Life**

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[Article by Gu Jiaqi [7357 1367 7784]]

[Text] Social consultation and dialogue carry the meaning that between leaders at various levels and the populace, between the two various social strata, between the various social organizations and bodies, between the enterprises and business units, and between this portion of the populace and that portion of the populace and regarding social problems on various sides, particularly those big and important problems with which everybody is concerned, frank and sincere discussions are carried out in various forms, each other's conditions are revealed and exchanged, and reciprocal consultations are made to the end that through mutual communication and mutual understanding, contradictions are smoothed out and solved and the relations between the various sides are coordinated and improved. Establishment of the system of social consultation and dialogue constitutes an important constituent portion of reform of the political structure and carries an extremely important significance in building up social-democratic life, maintaining a stable and unified political situation and thereby perfecting the socialist democratic political power of our country.

**Developing Social Consultation and Dialogue Meets the Objective Needs of the State's Political Life**

In the initial stage of socialism, is there any need for extensively unfolding social consultation and dialogue? The answer is definitely in the affirmative. The reason is that in the initial stage of socialism, with the existence of different kinds of social interests and intricate and complex social contradictions, the correct handling of the relations between the various kinds of social interests and the regulation of the various kinds of social contradictions, aside from following the party's guidelines and policies, still need to make use of various ways and means, particularly social consultation and dialogue, and to employ society's own regulatory mechanism, so as to adroitly guide action according to circumstances and solve the problems concerned.

In the initial stage of socialism in our country, between the departments, regions, cities and the countryside and industry and agriculture, and on various sides such as economic, political and cultural, a state of imbalanced

development exists. Between the laborers, their basic interests are unanimous but because of the differences in their separate environment, work posts and labor conditions and also the differences in their labor income and the social interests they represent, their understanding of the socioeconomic and political problems is also different. In the political life of a country, the representatives and populace of different social interests will naturally generate various kinds of contradictions which in turn lead to various kinds of conflicts. In the course of reform and opening to the outside, many changes and transfers of concrete interest may happen and this may transform certain social contradictions. Although these contradictions belong to internal contradictions of the people, yet certain of them may still be conflicts bred by certain specially designated social problems or by certain special environments. In particular, in regions and units wherein the leadership's bureaucratism is most serious or the influences of feudalism are relatively intense, manifestation of contradictions and conflicts is especially outstanding. Border conflicts between certain towns and townships and between cities and counties have occasionally developed into military confrontations and this may be cited in illustration. Contradictions and conflicts of this kind are the internal wastages of social vitality and important factors of social instability. Only through eliminating these internal wastages and these unstable factors can we concentrate our strength on carrying out modernization and speeding up the development of social productive forces.

Among these intricate and complex social contradictions, those between the leadership and the masses need to be specially regarded. In the work of certain leadership organs, due to their leadership lacking an understanding of the actual conditions at the grass-roots level and also of the actual demands of the populace and subjectively making the decisions, errors are committed and incur the discontent of the populace. The causes for this are: In certain departments and regions, the leadership perches high above and will not accede to the cries and demands of the populace; in certain other departments and regions, the channel and system of consultation and dialogue with the masses have not yet been established, the cries and demands of the populace cannot be smoothly reflected to the above, at the grass-roots level, many of the people have felt that there is no place to speak their mind or to lodge their complaint, or in places where they can speak their mind the problem cannot be solved and in places where the problem can be solved they cannot speak their mind; and also in certain other departments and regions a large assortment of problems urgently needing solution has accumulated for long and, objectively speaking, they cannot be solved at once.

On the other hand, these problems are frequently related to the intimate and close interests of this portion of the populace or that portion of the populace, while the populace does not understand the actual difficulties of the leadership organs and the work of the leadership organs has not received the sympathy and understanding

of the populace; then there are also cases in which the decisions reached by the higher levels on important problems are not truly understood by the populace while errors made by the lower-level organs in their execution of the decisions of the upper levels are interpreted by the populace as errors in the decisionmaking of the upper levels. All these will cause a misunderstanding between the leadership and the masses and a distance separating them and must be solved in the political life of the country.

Hence, it is necessary to unfold social consultation and dialogue, particularly between leadership at various levels and the masses, continuously open up channels for consultation and dialogue, build up and perfect the necessary system so as to promptly, smoothly and correctly achieve the objective of relating the views from below to above and vice versa, to have them communicate with, and understand, each other, to handle, regulate and coordinate well the various kinds of social interests and social conflicts, and to truly accomplish the feat of being united, unanimously looking forward and speeding up the steps in construction and reform.

#### **Position and Role of Social Consultation and Dialogue in the Building of Socialist Democratic Political Power**

The essence and nucleus of socialist democratic political power are that the people are masters of the house, truly enjoy various forms of citizens' power and privileges and possess the power and right of administering the country and the enterprises. The people's masses are those who control and manage the state and society and are the motive force of reform of the political structure and reform of the economic structure and are by no means the controlled or managed or reformed. The starting point in socialist democratic politics is to fully arouse the enthusiasm of the grass-roots level and of the masses and to fully stir up the various forms of social strength so that the state and society may be full of life and vitality.

To establish a socialist democratic political regime which has Chinese characteristics, it is necessary, on the one hand, to maintain and display the characteristics and strong points we already have, that is, to fully put into play the system of people's representatives congress, the multi-party cooperative system and the political consultative system under the leadership of the CPC, to insist on doing things according to the principle of the system of democratic centralization and desist from carrying out the system of so-called "separate existence of the three powers" and the practice of different parties taking turns in administering the affairs of the state. On the other hand, we must take stock of and start with China's realities, gradually perfect socialist democracy, perfect socialist statutes and laws, build up the system of social consultation and dialogue, consolidate and develop a political situation of stability and unity and refrain from the practice of "great democracy" which violates state laws and disrupts social stability. We must extensively unfold social consultation and dialogue, so

that the people have a place to air their views, a place to pour out their grievances and a place to make their recommendations. At the same time, there must be a normal channel to reflect different views, and between people there must be a regular way to discuss and negotiate matters so that the enthusiasm of people at various levels can be fully aroused.

Extensively unfolding social consultation and dialogue plays an important and irreplaceable role in the upbuilding of socialist democratic political power. Ordinary citizens need to pass through legitimate measures to autonomously participate in the state's political life. Consultation and dialogue constitute an exceedingly important form of participation in politics. Along with the system of electing representatives to organs of state power to participate in exercising the power of administration, they are the two fundamental sides of the people's masses participating in state and social control in the capacity of masters of the house. Viewed from the angle of political participation, social consultation and dialogue play an important role at least on three sides: First, by means of consultation and dialogue, leadership organs at various levels can to a maximum degree, centralize and absorb the wisdom and strength of the masses at various levels, improve the level of decision-making and avoid or reduce errors in decisionmaking. Second, by means of consultation and dialogue, the work of the leadership organs at various levels can to the maximum degree reflect the wishes of the vast masses and thereby obtain the confidence and support of the latter. Third, by means of consultation and dialogue, the masses at various levels and at different posts can clearly feel that they themselves are directly and indirectly taking part in, or influencing, the state's policies and administration and thereby strengthen their understanding and sense of political responsibility as citizens and masters of the house. This will continuously consolidate the stable and unified political situation and make it develop. Hence, extensively unfolding consultation and dialogue is beneficial to strengthening the vitality of the state organizations, improve the work efficiency of the administrative organs at various levels, arouse the enthusiasm of the grass-roots level and the masses, lay a good foundation for the socialist democratic political power and proceed in the direction of the long-term target of reform of the political structure.

Only in firmly insisting on the correct principles and promoting in a healthy manner social consultation and dialogue can we continuously perfect the socialist democratic power. The key in whether or not we can healthily unfold consultation and dialogue lies in the leadership at various levels. Without the innate demand and sincerity of the leadership organs at various levels, dialogue cannot be carried out and though carried out it may not produce good results and may even develop to being in name only and falling into the pit of formalism. Expanding the open character of the work and activities of the leadership organs at various levels is not merely for the purpose of meeting the needs of accepting supervision

from the masses. Rather, it is to meet the needs of letting the populace take part, through raising the unfolding degree of consultation and dialogue, in the various stages of decisionmaking, execution, feedback and regulation. We do not mean to say that everything must go through dialogue. However, the people's masses must be allowed to know the important affairs and to discuss the important problems. If only the masses are allowed to truly participate, in their capacity as masters of the house, in the state's political life, then, concerning important affairs, the populace will not stand on the side of the interests of a small portion of the people but will stand on the side of the state and the people as a whole in treating the matters. The Chinese people are most reasonable. If we can bring up to the people on a full scale the difficulties, problems and the measures that may be taken, it will not only be respecting the views of the populace and protecting their enthusiasm but also will be helping to solve the difficulties and problems in the best manner.

In our party's history, the dictum "coming from the populace and going back to the populace" has been one of the important treasures bringing victory to the revolution. Revolutionists of an earlier stage all understood intimately that to believe in the populace and to depend on them could earn their following and support and thus would help in performing well their work. Under the current new historical conditions, it is still necessary to display the good tradition of "coming from the populace and going back to the populace." Speaking in this context, the system of social consultation and dialogue is a new form and a new development of the mass line under the new historical conditions. Putting the benign tradition of the mass line into full play is also an important content in the upbuilding of socialist democratic political power.

#### **Opening Up Various Channels To Promote the Unfolding of Social Consultation and Dialogue**

There are many channels to unfold social consultation and dialogue. Some of them had long been built in the relations between the party, the government and the populace and from now on should continuously be perfected, and made to play an even more important role. Some others are dialogue forms and channels gradually formed in the course of implementation of the policy of reform and opening to the outside world since the 3d Plenary Session of the 11th CPC Central Committee and from now on should be continuously consolidated and expanded so as to be formed into a system. Furthermore, it is necessary to follow the spirit of the 13th CPC National Congress to continuously open up, smooth out and develop new channels. The existence of smooth-going consultation and dialogue channels is an important condition for unfolding consultation and dialogue.

The Chinese People's Political Consultative Conference is a united front organization for the conducting of consultation and dialogue between the party and government and the various democratic parties and groups,

people's bodies and delegates from various corners of society and is an extremely important channel for consultation and dialogue. For a long time, regarding the party's and the state's important guidelines and policies and big and important problems with a bearing on the people's living, it has been the practice, in the course of decisionmaking, to promptly conduct political consultations, accept democratic supervision, and put the role of the various democratic parties and groups and patriotic people into the best play in the political life of the country. From now on we should follow the guideline of "long-term coexistence, mutual supervision, utter devotion to each other and sharing in honor and disgrace" and the political consultative system should be continuously perfected so that people's political consultations may display an even bigger role. At the same time, we should enlarge the channel and scope of the consultation and dialogue. Regarding big and important problems on various sides, we should separately, directly and indirectly conduct consultation and dialogue with the various democratic parties and groups and the patriotic elements.

The various kinds of public bodies and social organizations have all along served as bridges and channels for the party and government to be in liaison and conduct consultation and dialogue with the various sides. The problem in the past was that in a political structure with an excessive centralization of power, certain public bodies including labor unions, youth league, women's federations and so forth gradually developed the tendency of acting like government organs and administrative organs. For them to continue to do so will lose their representative character and also lose their role of serving as liaison bridge with the party and government. Hence, it is necessary to maintain the public character and the representative character of public bodies and social organizations, reform their organizational system and mode of activities, enable them to better present the views and demands of the various portions of the populace whom they represent so that they can earn the full confidence of the people and truly become the important channel for the party and government to conduct consultation and dialogue with the people's masses.

Since the 3d Plenary Session of the 11th CPC Central Committee, in the course of reform and opening to the outside world, many new consultation and dialogue channels have been continuously formed. Among them the more outstanding ones are the adoption of various forms to extensively unfold dialogue activities on big and important problems in the reform of the economic structure and problems with which the people are intimately concerned such as the problem of commodity prices, and so forth. There are dialogues conducted between leaderships at various levels with the populace as well as dialogues between theoretical workers, actual workers and residents in cities and towns. This has played a rather big role in smoothing out relations, achieving mutual understanding and pushing forward

the reform. Another relatively successful form is dialogue conducted between party and government leaders, people at various levels and young students. This type of dialogues has played a rather good role in correctly propagating the party's guidelines and policies, leading a portion of the students to correctly treat democracy and the legal statutes, hearing their views and demands, definitely performing well servicing work in school life, and maintaining and consolidating stability and unity. From now on, we should further enlarge the channels for such consultations and dialogues so that they can be formed into a system.

The report of the 13th CPC National Congress clearly pointed out that in addition to further displaying the role of the existing channels for consultation and dialogue, we should pay attention to opening up new channels. After the 13th CPC National Congress, consultation and dialogue activities in various localities are being healthily unfolded. In certain provinces and cities, party and government leaders have conducted face-to-face dialogues with students, workers, and cadres of organizations; they have also carried out dialogues with an even wider range of people through the propaganda tactics of the media. These dialogues all possess a two-way character and a transparent character, and have achieved good results in removing the segregating layer between people, promoting mutual understanding and pushing forward the course of the reform.

Dialogues between leadership and the masses will in turn promote dialogues between one portion of the populace with another portion of the populace. Dialogues between people of different industries and trades help in coordinating and deepening the reform. Dialogues between theorists and entrepreneurs provide theoretical work with greater vigor and make the entrepreneurs more prone to accepting theoretical guidance. Dialogues between the service workers and those being served make each other know of the condition, add to their mutual understanding and improve the quality of the services rendered.

Unfolding of new consultation and dialogue channels must be carried out in a planned and systematic manner. Vertically analyzed, it may be conducted gradually in three levels, namely, dialogues of a national level, local level and internally between the units at the grass-roots level. Big and important problems at the various levels will separately be dealt with in consultation and dialogue between the leadership and people at their respective level. Analyzed laterally, we may gradually carry out consultation and dialogue between the different departments, different regions, different industries and trades, different enterprise and business units and different social bodies. Dialogues between different levels may be face to face and may even be by means of various kinds of communication and propaganda tools. This not only can augment the public and open character of the activities of the party and government, display the role

of participation by the masses and supervision by public opinion but also is capable of increasing the width, depth and effects of the consultations and dialogues.

### **Build Up the Consultation and Dialogue System, Consolidate the Effects of Consultation and Dialogue**

Extensively unfolding social consultation and dialogue is a long-term guideline in the initial stage of socialism. It is not a temporary measure and we cannot expect quick results from it. Rather, it must be formed into a system and firmly insisted on for a long time. Only by so doing can the effects of unfolding consultation and dialogue be continuously consolidated and develop.

At present, we need first of all to build up a system of consultation and dialogue on big and important problems with a bearing on the state's political life between the leadership and the masses. This appears to be all the more important in the course of the reform and opening to the outside.

The system of consultation and dialogue between the leadership and the masses must be gradually built up and perfected at different levels. At the level of the central government, it is necessary to formulate the corresponding laws and statutes to clearly specify the kinds of big and important problems and in what form the party and the state, before decisionmaking, should conduct consultation and dialogue with the masses and let the people carry out extensive discussions; and, after decisionmaking, what form to be used in speedily making the populace know should also be specified; furthermore, how the masses may supervise the implementation of the decisions should likewise be specified. The laws and statutes should specify the important conditions and difficulties and in what form the party and the state should conduct dialogue with the masses and let the masses know of them promptly and on time. The CPC Central Committee, the NPC and the State Council, in making important decisions, aside from special problems, should follow the legal form and time limit to have them promulgated to the public. Creation of conditions should also be considered to abolish at an appropriate time the practice of issuance of orders and documents downward level by level. Only when there is news from open channels can "gossip" be eliminated and can such errors as "conversion of exports to internal consumption" become things of the past. As for the locality level and grass-roots units, they must follow the example of the central authorities and according to their own actual conditions clearly specify the observance of the dialogue system when meeting with big and important problems with a bearing on the interests of the vast masses and with which everybody is vitally concerned. For example, in respect of the price policy and price regulatory measures on consumer goods and particularly daily necessities of life of the masses, housing construction and reform measures on commercialization of housing, the

local governments and particularly city and town governments should promptly and on time conduct consultation and dialogue with the masses and let the masses carry out the discussions thereon. Grass-roots level units, particularly enterprise and business units, should let the masses of staff members and workers discuss and decide on such matters as the income distribution policy and distribution program of their own units.

Leadership comrades of party and government at various levels not only should regularly enter deep into the grass-roots level to investigate and to study but also may directly establish a system of fixed or periodic contacts for dialogue with the permanently fixed grass-roots level units. Establishment of such a system can ensure that leaders at various levels can regularly maintain liaison with the populace at grass-roots level and directly listen to the cries and views of the masses at the grass-roots level. Delegates of NPC's at various levels and members of the Standing Committee may in their respective electorates of fixed grass-roots level units set up a system of periodic contacts for dialogue. This not only can enable the delegates to regularly and directly listen to the cries and views of the electors but also put them in a position to be under the electors' supervision and to manifest the electors' demands and wishes.

Building up the consultation and dialogue system should be subjected to the tests of actual practice, seek actual results and rest on a foundation of definite feasibility. Once the consultation and dialogue system is established and particularly after it has been affirmed by legislation, it must be earnestly implemented, firmly insisted on, cannot be changed at will by the leadership and cannot be abandoned half way.

### **Re-understanding the Collective Economy of Towns and Townships**

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No 8, 16 Apr 88 pp 39-41

[Article by Ji Long [1323 7893]]

[Text] Following the reform and restoration of order out of chaos since the 3d Plenary Session of the 11th CPC Central Committee, a great change has occurred in the old concept of the larger and the more public the better on the problem of our ownership system. In actual practice, the superior tradition and active role of collective economy have been better displayed. A good tendency of a continued and stable growth in production and of the economic benefits being higher than enterprises owned by the whole people has appeared and this has made an important contribution to the growth of the social economy. There are still some comrades who have lacked a sufficient understanding of the significance of an economy under the system of collective ownership and have entertained a certain feeling of uncertainty. Hence, a re-understanding of the collective economy in the initial stage of socialism is necessary.

The report of the 13th CPC National Congress pointed out: "In the initial stage of socialism, the structure of the ownership system should take the system of public ownership as the main body. At present, the other economic constituents outside of the system of ownership by the whole people are not overdeveloped but are rather insufficient in development. Regarding the urban-rural cooperative economy, individual economy and privately run economy, we should continue to encourage their development." According to the spirit of our country's Constitution, cooperative economy is collective economy. Since the 13th CPC National Congress specified that in the initial stage of socialism, the collective economy should still have greater and more development and that the ownership system should have diversified forms, this has scored a breakthrough in the old convention of past ideology. At present, the great majority of the collective industrial enterprises in the towns and townships have depended on the "snow-balling" of their self-accumulations for development, although among them a portion of the enterprises have depended for their development on the financial input from the localities, on the state's support in credits and loans and on special privileges in taxation. The great majority of these enterprises have laid great stress on long-term behavior and acts, their producers and entrepreneurs have all shown great enthusiasm, creativeness and initiatives and have thus enabled the enterprises to continuously develop. Actual practice has shown that the old concept which believed that the whole people ownership system was of a higher grade than collective ownership and that the larger and the more public the better is not in line with the actual condition in the initial stage of socialism. In comparison with state-owned enterprises, collective enterprises in general have larger autonomous power in operation, greater flexibility and stronger vitality, and can more easily manifest the combination of responsibility, power and interest and being solely responsible for their own profits and losses. This is indeed worthy of our great attention and deep thought. We have now a relatively integrated theory of the initial stage of socialism, and we should grasp the great reality of the initial stage lasting for at least over a century, take the development of the productive forces as a long-term and tedious task, and in a down-to-earth manner develop the productive forces and the commodity economy. The collective economy of towns and townships will surely develop forward at an unprecedentedly high speed.

In studying the collective economy, it is necessary to liaise with this most basic national condition in the initial stage of socialism, particularly to pay attention to overcoming the tendency of stressing the economy under the system of ownership by the whole people but neglecting the collective economy. The collective ownership system and the system of ownership by the whole people both belong to the economy under the public ownership system, both occupy the position of the principal body and in essence both possess identical special features. In the initial stage of socialism, they can manifest their separate superior character and vitality and do not bear



the usual relations of the principal and the assistant. The main points of difference between them lie in the degree of the public ownership of properties and in the pattern and scale of the holding of the means of production. Enterprises under the system of ownership by the whole people mainly depend on state investments while collective enterprises principally depend on self-accumulations, on absorption of social capital and so forth and, naturally, support from the state's favored policy of granting loans and exemption of the tax burden is also highly important. At the initial stage enterprises under the system of collective ownership still need to be greatly developed. In this connection we should further adopt active measures and liberalize our policies. The old concept of highly regarding the whole people enterprises and underestimating the collective and other corresponding old structures are disadvantageous to the development of the collective economy. We should fully understand and realize the important functions of the collective industry in the towns and townships at the initial stage of socialism.

First, seen from the relations between collective economy and economic construction, developing collective industries not only can facilitate the development of entire industrial production and propel our country's socialist modernization but also at the same time can help the state to remove worries and solve difficulties and solve many social problems. For example, collective industries mostly consist of labor-intensive type of industries and trades and offer an important avenue to solving the problem of labor employment. Since development of collective economy calls for little investment, produces quick results, reaps large benefits, can absorb a large volume of labor force, possesses vast potentials in earning foreign exchange, and is capable of becoming suited to different stages in the development level of the productive forces, this determines that collective economy can, and naturally will, play an important hand in developing the economy. Our country has a large population, is weak in foundation, is scarce in construction funds, and the funds of the state are principally used on developing those major industries and trades and enterprises which have an important bearing on the national economy; at the same time on the other sides, especially in the case of the consumer-goods industries, it is necessary to open up and tap the people's financial resources and congregate the idle funds in the hands of the people. And developing the collective economy greatly will precisely reach these objectives. This not only is beneficial to solving the state's difficulties in not having enough financial power but also can provide more accumulations to the state and speed up the development of the whole national economy.

Second, seen from the relations between collective economy and commodity economy, collective economy can push the development of socialist commodity economy. Take for example the important constituent portion of the collective industries of towns and townships, namely, the 2d light collective industries. All along they have

earned the appellation of being "chicken-like," that is, fed a little by the state but in the main still demanding of themselves to find food. Historically, aside from a portion of the important products being included in the state plan and local plans, the great portion of the products and the supply of raw materials principally depend on their own efforts in marketing and purchasing. For a long time, production in the collective industries principally depends on regulation by the market mechanism. The competition principles of commodity economy, the principle of exchange at equal value and so forth have played an important role in the operations of collective economy. Development of collective economy demands the true implementation of the law of value and perfection of the market mechanism. The existence and development of collective economy will in turn play the role of promoting and pushing development of commodity economy.

Third, seen from the relations between collective economy and reform of the economic structure, collective economy of towns and townships represents the active strength in the reform of the urban economic structure and plays an important role in speeding up and intensifying the reform of the entire economic structure. Reform of the collective economy itself, be it in the rural villages or in the cities and towns, has always made a relatively early start. Enforcement in the rural areas of the system of contracted responsibility with payment linked to output has played a powerful promotional role in pushing reform of the entire economic structure. Reform of the collective economy in towns and townships such as that of the 2d light collective industry was also the first to get started in urban reform. Certain methods and patterns which have been carried out effectively in the reform of the collective enterprises, such as the contracting system, have been universally adopted in state-run economy and have played a promotional role. In a socialist commodity economy, the nature of collective enterprises themselves has determined an economic operational mechanism which can be easily and relatively rapidly adapted to the principle of the "state regulating the market and the market guiding the enterprise." In short, in the initial stage of socialism, successful reform of the collective economy will generate great and important effects on the reform of the entire economic structure and will display its active role. Naturally, how to further deepen the reform and better display the strong points of socialist collective economy still need the earnest summation of experiences, adoption of really workable measures and performing the work in a down-to-earth manner.

Actual experiences since the founding of the PRC have shown that the pattern of the structure of collective enterprises and their production and management forms can be suited to the development of the productive forces at various levels, able to accept handicraft labor force and semimechanized productive forces and also able to accept mechanized and automatic productive forces. At present, it is a fact that the specialization,



socialization and modernization of many collective industrial enterprises are at a relatively low level. This is because that in general their starting point was the scattered and regressive handicraft trade. After several years of the reform, the speed of the production increase in the collective economy has become faster than that in the economy under the system of ownership by the whole people and the benefits achieved by collective economy have been better than those of the latter. As for the collective economy's levels in specialization, socialization and modernization, they have gradually risen and the levels of a considerable portion of the collective enterprises are now by no means lower than the state-run enterprises.

Due to the development of the social productive forces being generally at many levels and also imbalanced and to the great disparity existing in economic development levels between the various regions in our country's vast territories, in the course of the development of commodity economy, naturally many and diversified forms of the ownership system are found to be existing such as ownership by the whole people, by collectives, by individuals and privately run concerns. This is extremely advantageous to the organization anew of the productive major elements such as labor force, capital funds and technology. In actual practices, we have already newly organized, and will continue to newly organize, a number of new industrial enterprises of a cooperative nature. Among the individual and privately run industries in the towns and townships possibly a portion of them will be converted into cooperative enterprises in the course of their development. Since several hundred million peasants wish to transfer from agricultural production to nonagricultural production, naturally quite a sizable portion of them will take up employment in industrial enterprises run by the countryside and those run by cities and towns. Moreover, a small number of small-sized enterprises under the system of ownership by the whole people may be transformed into collective industrial enterprises by means of specially fixed conditions and through such procedures as transference of the ownership right. It can thus be seen that collective industries of towns and townships not only will coexist for a prolonged period with industries owned by the whole people but also consist of an important new force in pushing forward the modernization of socialist industry. Naturally, if collective economy wishes to seek even faster development, it must also augment its own reform and perfection.

The report of the 13th CPC National Congress further pointed out: "The economy of the public-ownership system has also diversified forms itself. Aside from the whole people ownership system and the collective ownership system, enterprises of the public ownership system jointly established by the whole people ownership system and collective ownership system should also be developed and also should be developed enterprises of

public ownership system formed by the various localities, various departments and various enterprises mutually participating in shareholding. And in different economic realms and different regions, the proportional weight occupied by the different economies of the ownership system should be permitted to be different." This is an important breakthrough in theory and in the ideology of work guidance. As I understand it, whole-people and collective structures may be joined together and may participate in shareholding but it is not one swallowing up the other or collective being in transition to whole people. Rather, it is that through the forms of alliance and participation in shareholding, and through reforms in such operation forms as the contracting system and the shareholding system, the operational mechanism is improved and joint development is achieved.

Since both the whole-people ownership system and the collective ownership system are of a socialist nature, we should treat collective economy as the same and on an equal basis. Naturally, in policy it should be treated differently, such as in matters of taxation, loans, supply of raw materials it should be given adequate consideration so that collective economy may develop even more rapidly. Under the guidance of state policy, the enterprise's autonomous power, management method, operation form, distribution system and labor and personnel system should be self-determined by the enterprise according to its own conditions. The various relevant departments should not follow the pattern of state-run enterprises and make unified demands and far less should they intervene in the internal affairs of the enterprise. Development in the past 9 years of the old collective enterprises has not been as rapid as that of the enterprises of the town and townships. One reason for this was that they were required to be solely responsible for their own profits and losses and seek their own development but at the same there were in existence such problems as this being subjected to too rigid control from the relevant departments and the extent of their autonomous management was far from that of the enterprises of the towns and townships. Therefore, it is extremely necessary that the state promptly study and formulate a favorable policy liberalizing and invigorating the collective industry in towns and townships and thereby encourage its development.

A full understanding of the position and role of collective economy in the initial stage of socialism carries an important and realistic meaning in facilitating the development of collective economy. With the problem of position and role clarified, a theoretical foundation is provided for actual practice. We should be based on this and formulate and carry out various policies and legal statutes to actively fight against acts that encroach upon and ill-treat collective industry. By so doing we can fully arouse the enthusiasm of the great masses of workers on the collective industrial frontline and make them truly feel that engaging in the collective economic work is an extremely glorious mission.

### Three Points in the Building of Spiritual Civilization

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[Article by Jiang Xia [3068 7209]]

[Text]

#### Developing the Productive Forces and Building Spiritual Civilization

The building of spiritual civilization is an important component part of our country's overall task in modernization. Practice has proven that if the work of building spiritual civilization is to be effective, the key lies in ensuring that leaders in all areas have a clear understanding of the strategic significance of this task. Only in this way will it be possible to guarantee that this work is placed in its appropriate position and will it be possible to practically and continually promote its development.

As far as this systematic engineering task of building spiritual civilization is concerned, that which is most needed is the making of overall arrangements by proceeding from the overall situation. Just simply grasping a single aspect or engaging in practices which waste money and manpower or which are formalistic clearly is untenable. But equally important is that "we should not fear if it is slow, as long as it is being done." In this respect there is certainly a need for various types of effective and vibrant methods with specific goals.

According to the experiences of some comrades who work in various provinces, cities and counties, within their area, even today it cannot be said that this problem of understanding has been settled. The situation in actual life is often much more complex than one would logically expect. Logically, although there exist several intermediate links (intermediaries) between the development of the productive forces and the building of spiritual civilization, in the end they are conditions for one another, and promote each other. However, in fact—possibly because of the influence of some "intermediaries" on people's line of vision—some comrades do not recognize the tight relationship between the two. Thus, as soon as paying attention to developing the productive forces is mentioned, the phenomenon of overlooking spiritual civilization appears, and there is a deviation from the correct path. Also sometimes these comrades will find all their attention drawn to resolving problems concerning raw materials, production, supply and sales, shortages of electricity, shortages of fertilizer and so on which are directly related to production, and they give little attention to things like spiritual civilization and so on, which are quite long-range things and not so pressing and which seem to be not too closely related to production. Sometimes they leave them completely to the side.

How should we treat this problem? Practice is of a great help in opening up trains of thought.

A while ago, in many areas the problem arose whereby the peasants had a large amount of funds and nowhere to spend them. There thus appeared the "three practices": 1) Large-scale ceremonies were held for weddings and funerals. 2) Superstition raised its head. 3) Gambling became rife. The peasants' funds thus flowed away through these avenues. It was aimed at this situation that the party organizations in some areas utilized strengths in relevant respects and developed the "three promotions" (promoting a democratic legal system, scientific civilization and frugality and thrift) spiritual civilization activities, and carried out vital and vigorous education through propaganda. Many peasants, after having their understanding inspired, successively indicated that they would economize on the "superstition money" they spent on praying, the "large-scale celebration money" they spent on weddings and funerals, the "excessive money" they spent on excessive consumption, and the "wasted money" spent on gambling, in order to increase investment in basic field construction and actively develop production. It is very clear that such propaganda activities in the building of spiritual civilization play a positive role in developing the productive forces. Consciously changing the flow of money is a bond of linkage between the building of spiritual civilization and the development of the productive forces.

Here, we should consider the following:

In stressing the development of the productive forces, we can grasp scientific structural reform and the various links in scientific and technological work and thereby hasten the course of transfer from science to direct productive forces. We can also grasp education and grasp various weak links in intellectual development and earnestly provide continuing intellectual support for the sustained development of the productive forces.

In stressing the development of the productive forces, we can grasp economic structural reform, grasp the relations of production and the reform and readjustment of various aspects of the superstructure, ensure that they are suited to the productive forces and bring into play their role in promoting the productive forces. We can also grasp the implementation of various policies, readjust interest relationships, and motivate enthusiasm so as to benefit the development of the productive forces.

In stressing the development of the productive forces, we can also strengthen ideological and political work and, with specific aims in mind, carry out thorough and painstaking ideological work to inspire the understanding of the cadres and the masses. We can also establish trust, develop patriotism, inspire a great spirit of enthusiasm and creativity, work arduously to realize socialist modernization, build the country with thrift and hard work, struggle to catch up, overcome our backwardness, change the features of society, invigorate China, and so on.

Although not all of this work is limited to the productive forces themselves, it all has the promotion of the development of the productive forces as its point of departure. Of this intermediary work, a quite large proportion comes within the category of spiritual civilization. Thus, we can say that the building of spiritual civilization has an extremely important role in developing the productive forces. If we are to centralize our strengths, do well in economic construction and develop the productive forces, we certainly have to pay concurrent attention to the building of spiritual civilization. This is called "grasping the two civilizations together." The resolution of the 6th Plenary Session of the 12th CPC Central Committee said it well: "During the socialist period, material civilization will provide the material conditions and practical experiences for the development of spiritual civilization. Spiritual civilization will provide spiritual motivation and intellectual support for the development of material civilization and will provide a strong ideological guarantee for its correct development orientation." These important conclusions are worthy of our close and repeated ingestion and digestion.

Can we say this: Do you really want to develop the productive forces? If you really want to and think rigorously, then you must not overlook or be lax in engaging in socialist spiritual civilization with Marxism as guidance. Also, under the guidance of our party's basic line (that is firmly adhering to the "one core and the two bases"), you must regularly pay attention to combining the various aspects of work and promoting strengths on all sides, so as to develop this activity in a way in which small streams become a great torrent.

### Is It Useful To Stress Professional Ethics?

In the process by which we build socialist spiritual civilization, the practice of stressing professional ethics has arisen as the times have required. While forerunner ideological materials for professional ethics can be found in our nation's fine ethical tradition, as far as the nature of their contents are concerned, they are all new. Initially, what was discussed quite energetically was "the ethics of scientific and technological research," "the ethics of teachers," "medical ethics" and so on. Although many of the aspects of these were positive requirements, they all had strong practical aims, could be implemented deep in the profession, and could contain criticism in praise. If they were implemented, they were of benefit in guaranteeing professional standards. Later, the discussion of professional ethics continued to expand and it entered other professions (such as industrial and commercial enterprises and the service industry) and touched on the unhealthy tendencies in these industries. Although in these fields there are many problems which require specific analysis, and many detailed divisions have to be set down, in any case, the discussion of these principles is of positive significance. At that time, some units had already begun to engage in some unethical activities in the fields of production, operations and service quality. The positive requirements proposed by

professional ethics in the face of this situation were only intended to match up with other measures and thereby, from the ethics angle, curb some bad tendencies. Unfortunately, this activity could not be carried out in a sustained and deep way.

In the minds of cadres and the masses, there is a question which is unavoidable: Should matters in the economic field be handled only in accordance with economic laws, with ethics having absolutely no place in this?

The question is not an easy one. Of course economic activities should be carried out in accordance with economic laws. However, matters in the economic area are not exactly equivalent to economic activities themselves, and are much wider in scope. They include the ideas, culture, law and ethics in the economic field. These various factors are not completely controlled by economic laws, and their activities have their own characteristics. At the same time, ethics permeate all areas of social life, and the economic area is of course no exception. Seen from the actual situation in the past, in our society the professional ethics of the economic field can involve the stipulation of the responsibilities of a particular profession to society and to the people, or can be the putting forward of ethical demands in terms of the relationship between people within enterprises so as to guarantee the quality of production and operations. It can also involve setting down ethical requirements in terms of the relationships between producers, operators, service personnel and other members of society (consumers). Whenever these ethical requirements are violated, it results in adverse effects. The internal coordination of the enterprise, work quality and the enterprise's reputation are all affected, and it is subject to the censure of the public. If the operators of these enterprises had our society's ethical concepts, they would personally be subject to the reproach of their conscience. Thus these professional ethics can play a certain positive role in guaranteeing the quality of enterprises' production, operations and service. Their contents indeed reflect the characteristics of economic activities, but are certainly not equal to economic activities themselves.

The regulatory role of professional ethics is often coordinated with the regulatory role of laws and they complement each other. The newspapers have revealed how some factories and enterprises have, through fake and low-quality products, cheated and harmed people. Such stories have involved fake cigarettes, fake wine, fake medicine, fake sausage, fake chemical fertilizer and so on. Those who sold these products were both breaking the law and acting unethically. As people indignantly said, this is ethically unprincipled. Can these illegal activities be said to have been carried out in accordance with economic laws? If one obstinately clings to this view, then what is here called "laws," means "laws" whereby "as long as one can reap some profit, one need not worry about others at all." These of course are not the economic laws of our society. These people should naturally be subject to the punishment of our laws and

the condemnation of our ethics. This ethical condemnation has a role in public supervision and is also of assistance in ethical education. If ethical education goes deep to the heart and there is tempering in practice, and the training of education, then day by day this will accumulate and people will form their own ethical convictions. Thereby, they will embody a sense of ethical obligation, a sense of conscience and a sense of shame, which will produce ethical self-control. This is what is referred to as the "heart's defenses" and the "mind's sentry-post" in education and in ethics. Our ethics does not negate individual interests but is intended to correctly handle the relationship between state interests, collective interests and individual interests, and to oppose harming the public interest in pursuit of private interests, harming others to help oneself and cheating people. The belief that in the face of "money," ethics and professional ethics do not play a role, only means that people who hold such a belief worship the outlook on life which holds that "money is all-powerful."

Of course, when we stress professional ethics in enterprises, it does not mean overlooking the principles and policies such as "on the precondition of having public ownership as the main part, developing various economic components." Ethics generally reflect the present social relationships and at the same time in a sharp and complex way, reflect the overall situation and the future. Thus, in general, our professional ethics requirements must not be too high, but must not be set at the lowest levels. They must truly manifest the characteristics and principles of proceeding from the present and looking toward the future. For example, at present we advocate that "some people become prosperous first," but at the same time we point out this is being carried out under the goal of "common prosperity," and that it should be realized through "honest work" and "legitimate operations." This is what is referred to in the masses' language as "becoming prosperous in a civilized way." Some people say: "If one is to become prosperous, it is necessary to stress ethics." We certainly cannot accept the ethical creed of the old society which held that "if one is to become prosperous, one must have a ruthless heart" and "one family will not become prosperous without killing 1,000 other families." "Money-makers have to be obsessed with a lust for money" and "one cannot be benevolent if one is to become prosperous" are certainly not laws for governing our social activities.

When the resolution of the 6th Plenary Session of the 12th CPC Central Committee stressed professional ethics, it particularly stressed the professional ethics of the cadres of party and government organs. Its main points were that cadres should be fair-minded and honest in their duties, be staunch and loyal, should devote themselves heart and soul to serving the people, should oppose the use of power for personal gain, should oppose bureaucratism and so on. Although these are all traditional requirements, in the new situation they have great practical significance. At present, our cadres face the new tests of reform, opening up and enlivening, and the

struggle to oppose corruption and corrosion will be unavoidable (of course, great attention must be paid to the forms and methods). As far as the phenomenon of corruption is concerned, "nowadays, those who have money seek those who have power." The phenomenon whereby with money and high-grade consumer items one can buy permits for illegal operations has appeared and situations of officials using power to engage in extortion also exist. These situations deserve our vigilance. What are we to do? Closing ourselves off is not feasible. We must rely on a high degree of ideological awareness and a strong moral conviction to withstand these and to carry out necessary struggle. In this, ethical concepts (including professional ethics), as a special form of manifestation of a world view, has a role to play. These ethical concepts (such as carrying out official duties in an honest way) can at least assist us, when we are sent "gifts" by those seeking "help" (in fact, when we are being offered bribes), to acutely feel that this is the greatest insult to us, as it means asking an honest cadre who serves the people to change into a tool serving personal interests and crooked practices, who forgets duty on being offered profit and who can be bought over. This type of ethical feeling can indeed stimulate anger and can stimulate struggle. This is the strength of morality.

Seen in this light, whether or not professional ethics can be instituted well in the various professions and trades depends to a large degree on whether or not cadres in the organs can do well in the area of professional ethics. Here, we need to place stress on improving the quality of cadres and putting basic efforts into this. We also need to deepen reform, and establish and improve the various systems. At the same time, in the light of various examples, we need to bring into play the role of ethical appraisal and in painstaking education which appeals both emotionally and logically, we must give the cadres cordial and vivid inspiration and guidance.

**The Significance of the Ideological and Ethical Features of Society In 1945, Comrade Mao Zedong, in "On Coalition Government," made a concise and correct summing up of the ideological and ethical features of society in the liberated areas and the Kuomintang-ruled areas, on the basis of a large volume of contemporary facts:**

On one side, "arduous struggle, setting an example, producing even outside work, encouragement of the honest and banning corruption—this is a characteristic of China's liberated areas."

On the other side, "utilizing the war situation to feather one's own nest, officials also being merchants, widespread corruption and no sense of honor—this is a characteristic of the Kuomintang areas."

At that time, the people sang about the liberated areas, yearned for the liberated areas and studied and supported the liberated areas. Apart from the areas being liberated in political, military, and economic ways, an

important reason for this appeal was that the ideological and ethical features (the social atmosphere) of the liberated areas, touched the hearts of hundreds of millions of people. The role and significance of ideological and ethical features can be seen in this.

Where did these ideological and ethical features come from? People know quite well that these are a reflection of society, economics and politics, that they were brought by the fine party style of the CPC, and that they were fostered by the wide numbers of cadres through setting an example, through transforming social traditions and through days and months of arduous labor. As soon as they were fostered and created, they played a great positive role and became a beneficial condition promoting the development of the revolutionary cause and helping revolutionary youth grow up healthily.

Today, we are in the process of building material civilization and spiritual civilization. Particularly in the case of the building of spiritual civilization, in various senses it can be said that we are, under new historical conditions and through reliance on outstanding social systems, developing the fine revolutionary tradition and, in accordance with new social demands, creating new ideological and ethical features in society. The aim of this is to provide a fine environment so that the whole society can maintain an ideal, ethical, cultured and disciplined atmosphere, of benefit in promoting and guaranteeing the successful progress of the cause of socialist modernization, and of benefit in fostering socialist new people with ideals, ethics, culture and discipline. In 1979, Comrade Deng Xiaoping cordially noted that: "We must educate our next generation well and must, in all respects, adopt effective measures so that we will have a good social atmosphere and can strike at those odious activities which seriously harm the social atmosphere." He has also repeatedly pointed out that building socialist spiritual civilization and establishing a fine social atmosphere is one of the four important "guarantees" for our adherence to the socialist road and for centralizing strengths to carry out modernization. We must not underestimate the importance of the role of the social atmosphere and the ideological and ethical features of society. This is an important revelation provided to us by historical experiences and present reality.

People often have different views on phenomena which harm our socialist ideological and ethical features. Odious activities which seriously harm the social atmosphere must be attacked. This is beyond dispute. As to those scattered, not-so-serious things, we should not view them too harshly. We should mostly rely on positive education. It is not difficult to reach a consensus on this course of action. The problem is that there are some social phenomena which from the micro-angle appear scattered and fragmentary, but which from the macro-angle are very deeply manifested and which represent some backward and decadent tendencies. If we turn a blind eye to these tendencies, let them drift and wait until they become a torrent or become common

practices, then we will need to make great efforts to change them and it will be very difficult. Thus, we need to be careful to spot these in a timely way, and provide prompt education and guidance or even engage in appropriate ideological struggle which involves both emotional and rational appeal. If on meeting such a situation, it is felt that there is no need to concern oneself much with it, this it must be said would be a manifestation of an insufficient understanding of the role of the ideological and ethical features of society.

In order to broaden the discussion of this question and for use as reference, we should perhaps consider some phenomena in cultural history. There are many examples in history whereby progressive and accomplished people have, in order to create "new ways," criticized "extravagant ways" and "decadent ways." From history, we know that a few articles can be manifested as a certain "literary style," that a few poems can represent a certain "poetic style" and that a few academic works can represent an "intellectual style." The changes in these intellectual, literary and poetic styles, like the changes in social customs, mean that there are numerous paths which can be followed and many experiences which can be thought about. Here let us take "poetic style" as an example. During the Five Dynasties period of the late Tang and for a period thereafter, much poetry was produced, and this gradually formed a soft and sorrowful, ornate and empty, and flighty and downcast style of poetry, which had quite an influence. Later, Su Dongpo appeared, as did Xin Jiaxuan, and they used a new bold and unconstrained style, which was a complete antithesis of the ornate and flighty style which had gone before, to write many works of a very high standard. This brought about a change in the poetic style. Facts clearly show us that atmospheres have a role and have an influence and cannot be overlooked. Changing a social atmosphere is not something which can be done easily. This involves struggle and requires real results and thus it is necessary to put in great efforts. In brief, on this question, while it is not correct to overly stress the micro-aspects or place too much importance on some things, it is perhaps appropriate to look at various micro-aspects from the macro-angle. In examining and handling these questions, we need to combine the macro-aspects and the micro-aspects very well.

In ordinary conversation, people often refer to the social and ethical features of society as the "general environment." This seems to exclude economic life and political life, but it does have a very close relationship with economics and politics. That is, it is subject to the restrictions of economics and politics and also has an effect on economics and politics. This general environment is created by man and at the same time, it has a hand in shaping man. A good general environment where there is stability and unity, vigor and healthy development will give people ease of mind and they will be able to work and study with vigor. It will also be an uplifting influence on people at all places and at all times, will be beneficial in raising ideological and ethical

quality and scientific and cultural quality and will be beneficial to the fostering of the next generation. On the other hand, if the general environment is turbulent and unstable, decadent and backward and there are many decadent and vile things, it will make people feel irritated, they will not be happy in their work and study and there will be frequent attacks from various evil things. The education of the next generation will even more be subject to weakening and counteracting influences. If the pernicious influences become strong and become the prevailing climate, and in turn corrupt our politics and economics, the danger will indeed be great. Thus we certainly must be vigilant and clear-headed and, in accordance with the party Central Committee's arrangements and at the same time as maintaining economic construction as the center, earnestly pay attention to building spiritual civilization, pay attention to transforming social habits and continue to create a general environment and general atmosphere which is of benefit to our socialist modernization and to reform and opening up.

**Fengying, You Are an Upright and Bold Person**  
40050278h Beijing HONGQI [RED FLAG] in Chinese  
No 8, 16 Apr 88 pp 47-48

[Article by Xin Fengxia [2450 7685 7209]]

[Text] I have seen all of the 15 episodes of the television drama "Yan Fengying" [0917 7685 5391]. It was like reliving my own history of suffering. I have been through all of the bitter episodes experienced by Fengying, and have shed many tears for her.

I am a roving folk artist myself and I know the code of brotherhood in this circle. Fengying had tried to hang herself in the old society, and I had also tried to kill myself then. Fengying had been bullied by the gangsters in those bygone days, and so had I. Back in the 1940's, I was performing at the "China Tea Garden" in southern Tianjin, singing the lead. A chieftain of the Black Banner Brigade came to see us after the show. I did not go out of my way to please him and refused to go out with him. He said I had very haughty manners for a starlet. He even threatened to throw nitric acid in my face, saying that he wanted to blind me in one eye. Li Xiangrong [2621 1929 5554], who also performed at the "China Tea Garden" singing parts for old people in Beijing operas, said: "My girl, you should at least try to be polite to them. Don't just sit there as if they're not in the room. You'll leave with me today after the show." Big Sister Li grabbed me and took me with her when she went to take the rickshaw. After turning the street corner we heard a splashing sound. Someone was indeed throwing strong acid at us. It burned holes in the canopy of the rickshaw, but we were not injured. Frightened, I desperately grasped Big Sister Li's hands. In the old society, we could only rely on personal loyalties. Later Big Sister Li arranged two tables at the Dengying Restaurant on my behalf and I had to personally apologize before the matter was finally settled.

Fengying was smart and pretty, brave and strong, humble and eager to learn. She was someone who treasured personal loyalties. We can all see these qualities on television. Fengying and I first came to know each other through the silver screen. When we finally met, she taught me to sing "The Fairy and the Herd Boy" and I taught her "Liu Qiaoer." Fengying was a more shrewd person than me and dared to speak out and contradict people higher up. We both cried when we recalled the sufferings of opera singers like us in the old society. In those days opera types were divided into classes just as people were divided into classes. Thus we performers were also classified. The Beijing opera was the "national opera" because it was sung in the Beijing dialect, while "Pingju," "Huangmeixi" and others were considered to be "local and minor forms of operas." We "petty performers of small companies" could never appeal to the refined taste. Thus we could really feel for each other when we talked. I used to think that performers like me and Fengying who had gone through a tough time in the past should have been spared any further sufferings after liberation. We really should have been spared all this.

In the television adaptation, Yan Fengying could not forget the help given her by Mr Guan. This shows her admiration for Mr Guan's great knowledge and her professional pursuit. Her affection for Mr Liang was a reflection of her love for the Communist Party. Young Liang was a party cadre who could help her politically and in matters of art. It was a pity that she could not have what she wanted. As a friend of Fengying's, I know that she had a fiery temperament and was quite headstrong at times. However, I also admired her for her courage and ability to make resolute decisions. She had once said: "We have been liberated. As masters of the new society, we will not be bullied any more. If you try to ride roughshod over me, you are taking the old stand of the old society. We literary and art workers are by no means an inferior race." Fengying's unbending character determined that she would rather die than be subdued by violence.

There was one episode in the series where Fengying and another actor were asked to give their confessions on the model opera behind each other's back. The interrogator said: "If you don't confess and the other person does, you'll be put in a passive position. Whoever makes the confession first renders a meritorious service first." I had had experience of these abominable ways of tricking or coercing people into giving confession in political movements as early as in 1957. At that time I was subject to alternate rounds of interrogation and sweet talking, but I would rather die than be dictated into writing a confession, and refused to sign my name when one was prepared for me. During the Cultural Revolution I was beaten and kicked by people trying to extort a confession from me, but I knew very well that the beating could only last for a while, whereas if I signed my name on the confession, it would stick with me for the rest of my life. I refused to walk into their trap.

Fengying once said: "Everything was all right before 1957. Then came the anti-rightist movement and many people had a hard time. The movement broke the heart of the intellectuals. I was very lucky indeed." Fengying was so sincere, open and frank. Indignant over my being branded a rightist, she said: "If I were you, I would not let them call me that. They have no reason to do so. What have I done? In the old society, the whole clan was punished for the crime committed by a single person, but this is the new society. Whoever commits the crime deserves to be punished. Go and report on them." I was too afraid then, and so I said: "What else can I do but live with it. Who do I turn to and who should I report on? They told me that I was not to say anything to anyone about what has happened. They even cut my salary. I have given them my word. Common people cannot fight the officials. We were obedient people even in the old society when we did not have enough to eat and to keep ourselves warm. We must be obedient in the new society now that we have enough to eat and to keep ourselves warm. I believe the Communist Party loves people like us who are suffering. As long as the Communist Party complies with the wishes of the people, people will come to know about my grievances and sympathize with me sooner or later." Some time later, Premier Zhou met one of the members of our company after an evening gathering and asked about me, to which my colleague answered: "Xin Fengxia has also been branded a rightist and her salary has been cut." Premier Zhou immediately passed on this message to the head of our company: "Xin Fengxia is one of the suffering folk artists liberated by our party. She should not have been made to suffer on account of Wu Zuguang [0702 4371 0342]...." That same day, I was asked by our party committee to submit an application for the removal of my rightist stigmatization. The following day I was told that I was no longer a rightist and was put back on my previous pay scale. When Fengying heard about this, she clasped her hands in joy and said: "Premier Zhou is such a wonderful person...." Although Fengying had not been branded a rightist in 1957, she had her views about the whole thing. When the Cultural Revolution came, I told myself: "No matter what you people do to me, I would rather be killed than to kill myself. I am still me and the Communist Party has to comply with the wishes of the people. Because I was nurtured by the blood and sweat of the people, the people will come out and speak on my behalf when the time comes. I know for sure that those who give others a hard time will not be able to live long. I am not alone, and this is not the old society when a person can be bullied just like that."

In the television drama Fengying and Comrade Wang Guanya got married. She said: "Now I have a happy family." She was speaking from the bottom of her heart. In the old society, Fengying was always hoping to have a husband who would truly love her, respect her, pamper her and know her well. But in that unreasonable society, folk artists like Fengying and me were looked down upon. How could we have found true love?

Comrade Wang Guanya well and truly listened to her in everything. Fengying had a quick temper, and sometimes offended others when she had a little too much to drink. Wang Guanya would then make apologies on her behalf. Kind old Comrade Wang Guanya and Yan Fengying were truly born for each other. One gets an idea of the kind of person he is by reading his book "Yan Fengying," in which he truthfully portrayed himself as a stupid but honest person. Fengying had just taken an overdose of sleeping pills, and instead of making haste to send her to the hospital for emergency treatment, he went out looking for help and brought home the wicked military representative, thus losing precious time for saving Fengying's life. The book was probably a husband's self-accusation.

It was such a blessing that the leadership of Anhui Province is so supportive of "huangmei" opera and has set up a drama school to train young artists. Ma Lan who played the lead in this television series did a marvelous job. The other young actors and actresses also played their parts well. In this drama which appeals to one's emotions, it would have been impossible to produce such a moving show without sympathy for Fengying and deep hatred for the 10 years of inhuman sufferings. Fengying perhaps still cannot rest in peace in her grave, but her experience will give people some insight, teach them to distinguish between right and wrong, not to be deceived and not let themselves be butchered. Evil people who subject others to persecution and sufferings no longer have any markets. Tragedies should not be repeated anymore.

**Changing the Old Concept of 'Unified' Leadership**  
40050278i Beijing HONGQI [RED FLAG] in Chinese  
No 8, 16 Apr 88 inside back cover

[Article by Tian Zhentian [3944 7201 3944], secretary of the Zhangjiakou City CPC Committee]

[Text] In changing from a situation where party and government functions are not separated to a situation where party and government functions are separated, many problems have to be resolved. One of the major issues is changing the old concept of "unified" leadership.

"Unified" leadership is one of the characteristics and forms of manifestation of the situation where party and government functions are not separated. This situation was formed in the war years, was strengthened during the repeated political movements and developed in the period when the economic model was one of highly centralized directive planning. Even if we say that in the war years it was absolutely necessary to implement the "unified" leadership by the party, today there has been a basic change in historical conditions. Today, we are not relying on the means of warfare to wrest political power and we want to bring into play the role of political power and rule the state through political power. Today there are unified national political organizations and we want



to further improve and perfect them, and better bring into play their roles as political organizations. Today we no longer want to have a highly centralized economic model or excessively stress directive planning. Rather, we want to organize production in accordance with commodity economy patterns. History has developed and times have changed and there is no doubt that there must be appropriate changes in leadership modes. If we do not consider the new situation with these changes and continue to use old models, not only will we be unable to promote the development of various construction undertakings, but the party will have no way to carry out its true function of political leadership.

The experiences of "unified" leadership during a period of construction show that often power is excessively centralized in party committees and the party committees' power is often centralized in several secretaries' hands. These several secretaries have to spend a lot of time and put in great efforts in concerning themselves with specific administrative tasks. Thus, they have no time to go deep into the grass-roots level to conduct research and to think about problems. They often thus just rely on their ingrained ideas and instincts, make decisions blindly and engage in laborious bureaucratism. This affects the independent and responsible carrying out of work by the administrative organs and is not of benefit to the development of economic work or the various construction undertakings.

For a long time, an ingrained concept of "unified" leadership has been formed in people's heads. Social concepts are the reflection of social existence in people's minds, and after a concept which reflects social existence is formed, it also plays a reinforcing role on that existence. The concept of "unified" leadership now affects the separation of party and government functions. Thus, we first need to change the old concept of "unified" leadership on the level of understanding and raise consciousness in respect of the separation of party and government functions. At present, we need to place stress on changing two old concepts which derive from

"unified" leadership: 1) We need to change the concept that the party in power must directly issue orders into a new concept that the party in power provides political guidance, implements political principles and controls political orientation. The party is not a government organ and is not an administrative organization or a production organization. It cannot replace such organs and organizations in directly commanding everything, concerning itself with everything and having a hand in every matter. The party's main role is, through formulating the correct line, principles and policies, to control the correct orientation of the socialist cause and to push all undertakings forward. Thus, the party should be able to occupy a commanding position, and assume responsibility for the overall situation. It should be in a calm decisionmaking position, a detached supervisory position and an effective coordinating position. 2) We need to change the old concept that only if all government affairs are decided by party committees can they be implemented, into a new concept whereby implementation involves political proposals becoming, through legally stipulated procedures, state will. The functions of the party and the government differ, both in the state's political life and its social life. The party's participation in government affairs should be through regular channels and avenues. It should, through the government, have its own political proposals, policies and plans changed by legal procedures into state will and implemented through the normal activities of government organs. It cannot keep a strict check on all major and minor government activities and work matters and intervene in everything, as this will reduce the party's status and weaken the party's role.

Changing the old concept of "unified" leadership is a forerunner to the separation of party and government functions and is also a basic and important measure in the separation of party and government functions. It cannot be neglected.

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